

JPRS-EER-89-137
7 DECEMBER 1989



**FOREIGN
BROADCAST
INFORMATION
SERVICE**

JPRS Report

East Europe

East Europe

JPRS-EER-89-137

CONTENTS

7 DECEMBER 1989

POLITICAL

BULGARIA

- Soviet Diplomat's View of Bulgarian-Soviet Relations [OTECHESTVEN FRONT 9 Sep] 1

GERMAN DEMOCRATIC REPUBLIC

- Leipzig Young People Tell What Bothers Them [LEIPZIGER VOLKSZEITUNG 19 Oct] 2

HUNGARY

- Educators Protest Persecution of Reformed Minister [MAGYAR NEMZET 23 Oct] 3
Romanian Persecution of Reformed Minister Continues [MAGYAR NEMZET 23 Oct] 4
Academician on Neutrality, Independence [NEPSZAVA 30 Oct] 4

POLAND

- Kisielewski Comments on New Leadership, Offers Solutions [GAZETA WYBORCZA 12 Oct] 6
Poles in Lithuania Present List of Needs for Better Conditions [GAZETA WYBORCZA 3 Oct] ... 8

YUGOSLAVIA

- Helsinki Delegate on Trials, Human Rights Concerns [VJESNIK 17 Sep] 8
Macedonian, Croatian Reform Programs Discussed 12
 Croats Face Implementation Difficulties [DANAS 26 Sep] 12
 Macedonians Urge End to Dogmatism [DANAS 26 Sep] 15
Zagreb Orthodox Church Leader on Interethnic Relations [NIN 8 Oct] 19

ECONOMIC

BULGARIA

- Industrial Production Statistics Show Increase Over 1988's
 [IKONOMICHESTSKI ZHIVOT 16 Aug] 24
Statistics Relating to Role of Workers in Economy [OTECHESTVEN FRONT 8 Sep] 26

HUNGARY

- Record of Foreign Investment Center's 1st 6 Months [FIGYELO 5 Oct] 28
Agricultural Trade Barriers With Common Market Relaxed [NEPSZAVA 7 Oct] 30
Tengiz-Jamburg Investment Project Update 31
 High-Cost Project Said Economical [FIGYELO 19 Oct] 31
 Slim Chance To Renegotiate [FIGYELO 19 Oct] 34
New Norwegian Business Ventures Encouraged [Oslo AFTENPOSTEN 25 Oct] 35
Energy Policy Proposal Released for Public Debate [FIGYELO 19, 26 Oct] 35

POLAND

- Energy Consumer Defaults Seen To Fuel Inflation [West Berlin DIE TAGESZEITUNG 17 Oct] .. 40
Outline of Economic Stabilization Program Presented [GAZETA WYBORCZA 19 Oct] 41

JPRS-EER-89-137
7 DECEMBER 1989

2

SOCIAL

BULGARIA

Ecological State of Black Sea Deployed [TRUD 11 Sep] 43

BULGARIA

Soviet Diplomat's View of Bulgarian-Soviet Relations

90EB0026A Sofia OTECHSTVEN FRONT in Bulgarian 9 Sep 89 p 3

[Article by Boris Shmelev, deputy director of the Diplomatic Academy of the USSR Ministry of Foreign Affairs: "Through the Eyes of a Diplomat"]

[Text] Diplomatic relations between the Soviet Union and Bulgaria were established 55 years ago.

If we look at that distant time and analyze the overall situation, we inevitably reach the conclusion that that which occurred in 1934 was consistent with the interests of the peoples of both countries. For the Soviet Union this event meant the further strengthening of its international positions. The same year the USSR established diplomatic relations with Hungary, Romania, and Czechoslovakia and joined the League of Nations.

Naturally, when we speak of the development of relations between our countries during the prewar and war periods, we should point out not only the outstanding and bright pages but also the sad and even tragic ones, which led the Bulgarian ruling circles to ally themselves with fascist Germany. In September 1944, with the help of the Red Army, which was routing the German-Fascist forces in the Balkans, the 9 September uprising of the Bulgarian working people, the great anniversary of which we are celebrating today, was victorious.

That moment marked a new stage in the development of relations between our two countries. The Soviet Union greatly helped in the subsequent establishment of Bulgaria's international positions. The role which the USSR played at the Paris Conference in drafting the peace treaty with Bulgaria is universally known. Our country firmly opposed the demand of paying substantial reparations and changes in the Bulgarian-Greek border. A great deal was also done to preserve Bulgaria's democratic gains.

The 1948 Friendship, Cooperation, and Mutual Aid Treaty was of great importance. It became a structural part of the system of bilateral treaties which were concluded between the Soviet Union and the people's democracies. Such fundamental documents constitute a reliable foundation for interaction and in opposing forces in the West which were trying to hinder the building of socialism in the area.

In terms of the development of Soviet-Bulgarian relations in the postwar period, and the economic, moral-political, and diplomatic policy of the USSR in rebuilding the Bulgarian national economy, we cannot fail also to note the difficulties of that time.

Many of them were due to the contradictions which were characteristic of the building period, when both in our country and in the neighboring countries subjectivistic

decisions dominated, along with the unappealable categorical nature of evaluations and opinions.... I believe that historians, political experts, and economists are as yet to study such problems. We should see them as they truly were, mandatorily consider them, and analyze each aspect of our reciprocal relations.

From this viewpoint, the 20th CPSU Congress was of great importance. It enabled us to reassess the principles governing relations among socialist countries. It introduced a fresh current in Soviet-Bulgarian relations as well.

A retrospective review of the development of bilateral relations would make pertinent the question of the extent to which the development of Soviet-Bulgarian relations was based and will be based on the coincidence of national interests. A great variety of viewpoints exist on this matter, including some which are clearly speculative. I am convinced that relations between our countries were and are entirely consistent with our national interests. The coincidence of views and approaches taken by our countries toward international problems and the basic problems of the development of socialism, restructuring above all, proceeds from the identical attitude toward national and governmental interests. There is no international problem on which our views substantially differ.

Nonetheless, some nuances may be found in this area. By the turn of the 1980's, when Bulgarian diplomacy actively came out with ideas on the development of Balkan cooperation our attitude toward this matter was one of restraint.

Reality, however, proved that the development of Balkan cooperation is a structural part of the global process of internationalization of production forces and production relations. It is objective, and no one can obstruct it. The Soviet approach to this problem has changed in recent years and is consistent with the needs of our time and the interests of Bulgaria as well.

I believe that we should also note the problems which we have been encountering in recent years. I am referring to the economy. The existing structure of economic relations is no longer sufficiently consistent with the interests of the two countries. We are not making full use of the existing scientific potential. We must jointly solve, within the shortest possible time, major problems, which require significant efforts in restructuring the overall mechanism of our cooperation. Naturally, this is a tremendous field for common action and for seeking answers to many similar questions.

Our mutual relations are based on the firmly followed general democratic principle of peaceful coexistence. It is on the basis of such relations that Soviet-Bulgarian cooperation will develop in such a way that our unity will reach a qualitatively new standard in the future. In conclusion, let me add that the Diplomatic Academy of the USSR Ministry of Foreign Affairs has been training Bulgarian specialists in international relations since

1950. Several dozens of its graduates hold senior positions in the Bulgarian Ministry of Foreign Affairs. As a rule, the Bulgarian students are well trained. They are interested in science and politics, and try to upgrade their skills. The faculty at the academy does everything possible for the graduates to be able skillfully and competently to solve all problems in the diplomatic area.

GERMAN DEMOCRATIC REPUBLIC

Leipzig Young People Tell What Bothers Them

90EG0035A Leipzig LEIPZIGER VOLKSZEITUNG in German 19 Oct 89 p 7

[Interview by Manfred Schulze and Thomas Biskupek: "What Disturbs Young People? Six 18-Year-Olds of Class 12a of the Thomas Extended Secondary School in Leipzig Voice Their Desires, Concerns, Hopes"; date and place not given; first two paragraphs are LEIPZIGER VOLKSZEITUNG introduction]

[Text] Anyone having a conscience is saddened by the young faces which for weeks now have been shown to us on FRG television as "refugees," and is hurt by the remark made in his neighborhood or place of work, to the effect that so-and-so is also gone. The Western media and scaremongering have played a part in this, of course. But that is small comfort. These people, after all, had our newspapers in their hands, they were able to see and hear our media.

In a first attempt to find out what moves young people today, we questioned students of class 12a of the Thomas extended secondary school [EOS—Erweiterte Oberschule] in Leipzig. The answers were contradictory in part and inconclusive. But much of the frustration of young people, after all, stems from the effort to always serve them a finished product. For that reason we do not offer our comments on the thoughts expressed by the young people. Our question: What is it that moves you the most nowadays?

Ulrike: The Monday demonstrations in Leipzig, the many emigrations from the GDR. Much is unexpected, but understandable. The reasons given most of the time are of course not realistic. My brother left early this year. He applied. He's 27. He says he tried long enough over here. There were often no materials where he worked. When that happened, it was just impossible for anyone to work. Now he's over there, even has a job.

Anja: I ran into an old friend once and was really overjoyed. And then he told me that he had applied for emigration. I was shocked. One can't just give up everything over here. But he said that he wasn't making as much money as he should, since their pay was based on production but the materials they needed to be able to work are not available. He said things were different in the West....

LEIPZIGER VOLKSZEITUNG: And how about the demonstrations?

Ulrike: I only know about them from the media. We were forbidden to go there.

Dirk: On the Monday before last, we were given special instructions not to go there.

Anja: But it was not forbidden. It was especially bad the Monday before last. Mother didn't get home till late. It was like the first of May, she said, like a migration. It's just that demonstrations don't accomplish anything.

Ulrike: But it wasn't until the demonstrations began to take place that many things were talked about. I am also afraid that something bad is going to happen there.

LEIPZIGER VOLKSZEITUNG: Do you think that your opinions, coming from young people such as yourself, are sought after?

Andrea: If one criticizes, one is always viewed as hostile right away. And, besides, no one really takes us seriously. Once during vacation we worked at a plant. We were kicking a football around, and the workers sat there and smiled...If you speak the truth, all you get in return is a rebuff.

Ulrike: I find open confession a good thing, actually. And yet one is afraid of being discriminated against.

Andrea: Why is it that we can't be honest. Actually, everyone should approve of critical ideas, since only in this way will things change.

Dirk: Once we were supposed to call out slogans from the reviewing stand during a First of May celebration. We talked about these and found that several were not good. We ought to speak to the person who came up with the slogans being used here in Leipzig. The gymnastics teacher even did what she could to pave the way for us to talk to him. But it didn't work out.

Andrea: That's what wears you down in the daily routine.

Anja: One is powerless to really accomplish anything.

LEIPZIGER VOLKSZEITUNG: And how about your organization, the FDJ [Free German Youth]?

Ulrike: We once planned an FDJ event with guests from the district directorate, and, even though some people had promised to attend, no one came.

Andrea: We have no real link to the superordinate FDJ directorate. We organized an event titled "Is religion in tune with the times?" It was difficult to prepare for. And you don't get any help from "up above" either. And then very few people attended. This is disappointing. Once someone was there from the city district directorate South, who cleverly refuted our argument, to be sure, but did not help us. At such times the FDJ is often a tired lot. I ask myself whether it is really necessary for everyone to belong to it?

LEIPZIGER VOLKSZEITUNG: Do you think the older folks had it easier?

Andrea: In 1970, they accomplished something. We had the feeling then that progress was being made. But we have optimism such as this only read aloud to us, instead of experiencing it ourselves....

LEIPZIGER VOLKSZEITUNG: Are you getting advice and assistance from your parents?

Ulrike: My parents refute everything that I say, and prove the opposite. But at the same time my parents don't speak up when they have the opportunity to do so. For that I would criticize them. In all fairness, though, I must say that there was an exchange of views at my father's place of work recently to which he also made a contribution.

LEIPZIGER VOLKSZEITUNG: What do you expect of the media?

Andrea: It is the information politics that is the stumbling block, actually. Hermann Kant was quite right in writing this in his open letter to the JUNGE WELT. A self-critical attitude is absent wherever you look. It is absent in the government and in the party. Anyone who demands something like this is perceived as an enemy. If one watches the [GDR] "Aktuelle Kamera" newscast at all, one switches to the [FRG] "Tagesschau" immediately afterward. And timewise they are almost always ahead of us. This is not good, in my opinion.

Dirk: Those who leave for the West have resigned themselves to this step. Those who take to the street and cry out "We're staying here," they want something. I am glad that at least the willingness to talk is there. But the reporting must be improved. They speak there of unauthorized demonstrations. I can't imagine that something like this is authorized. It is also clear to me that it puts the police in a dilemma....

Jana: The people hoped that something would come out of the talks. But they will only get bogged down in the bureaucratic hurdles anyway. One hears this from one's parents, from one's acquaintances. All around you this is all you hear....

LEIPZIGER VOLKSZEITUNG: What sort of a life would you wish for a few years down the road?

Ulrike: I would like to be a teacher, even though my parents are trying to dissuade me. Once a teacher, though, I would always want to be able to stand behind what I tell my students.

Jana: I'm going to become a teacher too—of Russian and French. There's a lot in store for me with respect to Russian. I do not want to repeat something that has been given to me ready-made, but rather present something that is mine. Many are opposed to this language anyway, since one has to learn it. There's no future in it, they say. No one wants something that has been forced on them.

Dirk: I want to study biochemistry and do research later on. Clean production is what I envision. That's something for environmental protection. There should be a greater openness for ideas. I want to live here later on as well.

Anja: I would like to focus my attention on the partner in order to understand him. Family and profession, they must be in harmony with the country. We preoccupy ourselves too little with one another.

Andrea: I would like to see the government and the people be on really close terms with each other. In those cases where leading political figures, for example, accept questions on relevant issues from the people on television, everything is fine. Success will come only by facing the people—and in no other way. The trade problem would in that case change, perhaps. The people would not be forced to accept whatever the plants are happening to produce at the time, but rather the other way around. More market research and sociology would be required.

Christian: All in all, the people and the government should form much more of a unity. Love of one's country would be self-evident and obvious. Then the desires of the people would have to be taken greater note of. How should the government have gotten to know the people? Everywhere you look they are greeted with prearranged jubilation....

Addendum: The statements of these young people can only be a subjective description of conditions, questions, and the beginnings of thought processes of an unaccustomed type. The reaction thereto can certainly take differing forms: by reproaching them as the "ungrateful young," or perhaps by reflecting on the things that concern us all in these ideas.

HUNGARY

Educators Protest Persecution of Reformed Minister

90EC0074A Budapest MAGYAR NEMZET in Hungarian 23 Oct 89 p 9

[Letter of protest by the 7th Itinerary Congress of the Association of Hungarian Adult Educators addressed to Romania's ambassador to Budapest]

[Text]

Mr Ambassador:

We Hungarian adult educators have recently been following the mental and moral terror waged against the reformed minister Laszlo Tokes of Temesvar [Timisoara], the continuous harassment of his presbytery, and the assembly and intimidation of its congregation by the Securitate with growing concern. These actions amount to an utter disrespect of basic human rights, a disregard for nationality rights, a conscious hindrance of the right

to freely practice one's religion, and thus to a blatant violation of the basic principles laid down in the Helsinki Accords.

The 7th Itinerary Congress of the Association of Hungarian Adult Educators, held on 21-22 October 1989 in Debrecen, was deeply shocked to learn that the city court had begun proceedings against Pastor Laszlo Tokes. This action has made it clearly impossible for him to continue his pastoral mission and his activities dedicated to the preservation of the Hungarian ethnic minority. We protest this unjustifiable, unexplainable, and, in today's European context, unprecedented state police action. We demand that the proceedings against Laszlo Tokes be immediately suspended and that the Temesvar pastor's rights be reinstated.

Debrecen, 21 October 1989

[signed] Four hundred participants of the 7th Itinerary Congress of Hungarian Adult Educators

Romanian Persecution of Reformed Minister Continues

90EC0073A Budapest *MAGYAR NEMZET* in Hungarian 23 Oct 89 p 4

[MTI report: "Laszlo Tokes Sentenced. The Minister Has Moved Into His Church"]

[Text] In accordance with a ruling by the Temesvar [Timisoara] city court on Friday, 20 October, Pastor Laszlo Tokes will be evicted from his home, by force if necessary. Upon receiving the verdict on Friday, Laszlo Tokes immediately moved from the rectory into the Temesvar reformed church. The news was relayed to the MTI [Hungarian Telegraph Agency] correspondent in Debrecen by Istvan Geczy, a reformed minister living in Hajdu-Bihar County, who on Friday, the day of the trial, happened to be in Temesvar, and was able to meet with Laszlo Tokes for several hours.

Istvan Geczy told MTI that at the hearing which had begun at 9:00 am, the minister had been represented by his wife. In protest of the illegality of the trial, and for reasons of personal safety, Laszlo Tokes had stayed at the rectory. It was his wife who told Laszlo Tokes and Istvan Geczy, who was also at the rectory at the time, what had transpired at the trial.

In his opening comments, the chief justice of the council presented a recent ruling by the Bishop of Nagyvarad [Oradea], Laszlo Papp, removing Laszlo Tokes from the helm of the Temesvar congregation and parish, thereby terminating his service in Temesvar. The pastor's appointed successor is Botond Makai, reformed minister. In view of the fact that Nagyvarad is a closed city, in other words, only those can stay there who are locally employed, Laszlo Tokes had to move. Since the minister refused to abide by the decision, the bishop asked the state authorities to help evict him.

The court in turn elevated the bishops decision to a court ruling, which Laszlo Tokes now has until Wednesday to appeal. Should he decide to do so, an appellate court will review his case.

Istvan Geczy told MTI that Laszlo Tokes would naturally take advantage of his right to appeal, and it was only for reasons of personal safety that he had decided to move into his church immediately after the trial. As he had put it, if he had to be taken away they might as well drag him off from his church.

Istvan Geczy has confirmed to the MTI correspondent that Laszlo Tokes is no longer fighting for his cause as a lone wolf. Despite constant threats, the entire congregation is behind the minister, even at the risk of serious consequences.

As a message to the outside world, Laszlo Tokes told the minister from Hajdu-Bihar County that "his struggle is of symbolic value in that it represents the hopeless struggle of the forces of darkness against God's land of light."

The Temesvar minister also gave Istvan Geczy several documents. Included among them was a letter addressed to President Nicolae Ceausescu in which he asked the Romanian leader to put an end to the unlawful harassment he has been subjected to. Istvan Geczy has also expressed his grave concern about the fact that when he arrived at the border, the Romanian authorities took his car apart, found the documents, and confiscated them.

Included among the signatories of the letter we published in our Friday issue in support of Laszlo Tokes was Ferenc Gazso. He had attached his signature not as a representative of the MSZP [Hungarian Socialist Party], but in his capacity as general secretary of the Movement For a Democratic Hungary.

Academician on Neutrality, Independence

90EC0099A Budapest *NEPSZAVA* in Hungarian 30 Oct 89 p 3

[Interview with Dr Laszlo Valki, professor of law and chairman of the department of international law at Eotvos Lorand University: "Independence Is Not Neutrality"; date and place not given]

[Text] During the past few days, when the National Assembly ratified the final so-called fundamental law, one of the deputies proposed that the legislators sing the national anthem. His words were received with a murmur of incomprehension. Obviously, the first few minutes after the taking of the votes were not suitable for evaluating the full weight of the fresh facts. We attempt to do this now, in asking Dr Laszlo Valki, chairman of the department of international law at Eotvos Lorand University, what the word "republic," which has since been proclaimed from the balcony of the Parliament building, means to us.

[Valki] Proclaiming a republic, in itself, is nothing more than a symbolic act. What gave it historical significance is the fact that it was accompanied by a modification of the Constitution. This gave legality to the multiparty system, eliminated the article prescribing the leading role of the Communist Party, established the office of the president of the republic, and (by eliminating the Presidential Council) ensured that the National Assembly would become the highest legislative body. Thus, after the elections, a genuine representative republic can be established in Hungary; rather than a simple name change, we are talking about the thorough transformation of the Hungarian legal system.

[NEPSZAVA] Does the name "republic" necessarily call for a change of the social system?

[Valki] The word "republic," in itself, says nothing about the domestic order of a country. In our case, too, the domestic order depends on the political aims of the parties that will assume power, so that the form of social-political system can only be determined after the elections. In my view, the single-party system and the overwhelming role of state-owned properties is not identical with socialism, so that expression will probably not lose its meaning. On the other hand, I must emphasize that the proclamation of the republic changes the system of government in Hungary. The exact nature of the new system will be decided after the elections, just as the new government will determine our country's foreign policy.

[NEPSZAVA] What will that foreign policy look like? How long can the Soviet Union be tolerant of the changes that are taking place in Hungary?

[Valki] That question was unequivocally answered when the Soviet Union accorded political recognition to the Polish government. Gorbachev, Sheverdnadze, and other important Soviet politicians made similar statements concerning Hungary, as well. It is evident that the Soviet Union has actually abandoned the Brezhnev Doctrine. As it is well known, the Soviet Union intervened militarily in our country in 1956, and in Czechoslovakia in 1968, at a much earlier stage of developments than we are seeing now. In addition, any violent intervention would bring about a collapse of the present structure of global relations, and this is not in the Soviet Union's interest. Moreover, any such move would contradict Gorbachev's basic political philosophy and his intention to give up Messianic aspirations for a global revolution. By the way, I also agree with those who say that such an intervention would not occur even if any (highly undesirable) change were to take place in the Soviet leadership, because that nation's strength and inner problems would not be able to tolerate it.

[NEPSZAVA] In other words, do you feel that the new Constitution of the new republic could take the same steps toward neutrality?

[Valki] Regardless of its composition, the new Hungarian government will strive to obtain the greatest degree of economic and political advantage from our

existing foreign policy independence (which, of course, will never be absolute, as even those of much larger countries are not entirely independent). In the economic sphere, it will strive toward becoming indirectly affiliated with the system of European integration; in military matters it will work for a gradual reduction, and eventual withdrawal, of Soviet troops from Hungary. I would add that the new government will not have a great deal of difficulty in this regard, because Soviet strategic interests are focused primarily on East Germany, Czechoslovakia, and Poland, the countries of the so-called central front. At the same time, of course, Soviet interests call for the defense of the entire region's aerial territory. For this reason, I feel that (until a sovereign domestic aerial defense is fully developed) the stationing of Soviet air defense units will be in the interest of both of our countries. However, there will be no need to leave ground troops in Hungary.

[NEPSZAVA] All this, of course, does not add up to neutrality; after all, our country is still a member of the Warsaw Pact Organization.

[Valki] In a legal sense, the withdrawal of Soviet troops would not mean that Hungary would become neutral, but the country would have increased freedom in its internal and foreign policies. Just as we have witnessed an accelerated tempo of changes in social policies, it might be that the transformation of our foreign policies will take place in a more rapid fashion than is thought possible.

[NEPSZAVA] Could one of these changes include our leaving the Warsaw Pact Organization?

[Valki] In my opinion, such a unilateral step would be an unrealistic and politically damaging aspiration because, after all, it would deprive us of the global support offered by the Gorbachev government. At the same time, it would also create such instability in Europe that even the Western powers would not consider it desirable. As an international jurist, I would add that if we were to abrogate this treaty, which is in force until 2005, we would also have to abrogate each of our bilateral treaties of friendship, cooperation, and mutual assistance. As for our legal obligations, the Warsaw Treaty contains not one word about stationing Soviet troops in the territory of member countries. The stationing of Soviet troops in Hungary has only been alluded to in a tacit understanding. Until 1955, when Austria became neutral, the Paris peace treaty made it possible to maintain a Soviet military presence in Hungary; afterwards, however, the international legal finalization of the matter was simply allowed to be forgotten. Of course, it would make little sense to abrogate the above-mentioned tacit understanding; rather, we should settle the matter at the Vienna arms reduction talks and through Soviet-Hungarian agreements within the alliance. As for the Warsaw Treaty, neither the intervention of 1956 nor that of 1968 had anything to do with the treaty; they did not take

place because Hungary and Czechoslovakia were members of the treaty organization, but because the contemporary Soviet leadership nurtured qualitatively different views concerning their own foreign policy and security. It is an entirely different issue that in the course of the 1968 intervention they took advantage of the Warsaw Pact Organization's structure; but they would have executed the invasion even if the Warsaw Pact did not exist. After all, Afghanistan was never a member of this organization, yet in 1979 the tanks took off toward Kabul.

[NEPSZAVA] In other words, realistically, we must consider any plans for neutrality to be utopian?

[Valki] Not at all. It is possible that both military blocs will disappear well before the end of the millennium, and this is the real condition for neutrality. Of course, it is not enough for a country to declare itself neutral, it must be recognized by others, as well.

[NEPSZAVA] Could these very important, but rather far-off, steps contribute, even indirectly, to the betterment of the country's fate?

[Valki] In the final analysis, a country's fate is determined by the concrete external and internal policies of its government; a more decisive part is played by foreign and economic policies that take national interest into consideration than by belonging or not belonging to a military alliance. I also frequently encounter opinions according to which the emphasis within the Warsaw Pact Organization should be on political instead of military cooperation. In my view, the reverse is true: In order to maintain international security, military cooperation is more important for us. When it comes to politics, we should maintain close ties only with those countries that share our interests.

POLAND

Kisielewski Comments on New Leadership, Offers Solutions

90EP0097A Warsaw *GAZETA WYBORCZA* in Polish
12 Oct 89 pp 4-5

[Interview with Stefan Kisielewski, publicist, writer, composer, by Wojciech Zaluska: "There Is a Need for an Antisocialist Dictator"; date and place not given]

[Text] [GAZETA WYBORCZA] We have a bumper crop of good politicians in Poland. Which five do you rate the highest?

[Kisielewski] Unquestionably, Walesa is a great political talent. He makes excellent use of the economic situation, is intuitive, and is a fast learner. He is able in the same conversation to repeat someone else's thought as his own. But he has this fault: He cannot decide who he is, a union activist or a national politician. I think he should choose the second role. There was a time when union matters were for him a trampoline to a career, but now,

even if he loses popularity among the workers it will not mean very much because he has become a world figure.

But he is constantly changing positions and has a great ability to talk about nothing, and for a politician this is very important. Without question, he has achieved great success.

Kiszcak turned out to be a smart politician. I would never have believed that he would meet with his prisoners at the roundtable. This was his idea and he carried it out—one of the best political ideas of recent years.

And another military man, General Jaruzelski. Jaruzelski has set his sights on Wawel. He wants to be buried next to Pilsudski, and those are his politics. Maybe he will be successful. Unless...

I counted on Rakowski, who understands economic matters, but he turned out to be too excitable. He turned the people against him and nobody likes him. He took offense at the nation, and after all, a politician cannot take offense. He was not able to marketize agriculture, either. Therefore, I cannot include Rakowski in the five. Although I admit that he impressed me with the fact that he shut down the Lenin Shipyards. Too bad that it was not the Warszawa Steelworks.

Primate Glemp is also a politician. Even during Wyszynski's lifetime he promoted the thesis that the church in Poland must have legal recognition. He focused heavily on this goal, putting other things aside, and accomplished it even at the expense of making himself unpopular in certain circles.

Finally Mazowiecki, who achieved something interesting because being a relatively unknown politician he became universally liked. Before you arrived my wife warned me: "Just don't say anything bad about Tadeusz..." Micewski once told me that "politics is many years of waiting for an occasion, with no guarantee that you will live to see it." Mazowiecki lived to see it. This type of figure and character turned out to be necessary in this transitional period, because everyone agreed to him.

[GAZETA WYBORCZA] You, too, lived to see it—Mazowiecki's economic team is moderately liberal.

[Kisielewski] There are two true liberals in the government—Paszynski and Syryjczyk. I do not know Balcerowicz. Except that the liberals will not be able to cope with socialism. Here an antisocialist dictator is needed. The parliamentary politicians are too dependent on public opinion, which is sovietized and unaccustomed to any kind of economic initiatives from the bottom. Only from the top can a society of producers be made from a society of wage-earners.

I suspect that after a few years of political licentiousness under conditions of economic crisis, some general will come along and say "stop," an end to parliamentarism, we are dissolving the Sejm. However, in the economy you can do what you want.

A shock policy is needed, a policy of sudden moves, such as Erhardt made in Germany after the war. He put through a currency reform on Saturday evening when the American general, Clay, had gone away for the weekend. When he returned he was simply furious, but it was too late. A shock policy will convince the West and impress Russia.

[GAZETA WYBORCZA] So as usual, you are a pessimist?

[Kisielewski] I like the premier very much, only I am afraid that he is too gentle a person. For many years he harbored caretaker and socialist superstitions. And now we have to end with caretaking, because a poor state cannot care for all of the needs of the people.

I am afraid that when it comes to strikes and Miodowicz begins to rage, this team will become frightened. I am sorry that they did not take into the government one of the party reformers from the previous team. Someone like Sekula could teach Mazowiecki how to deal with the nomenklatura, where to strike.

[GAZETA WYBORCZA] What else would you do if you were Mazowiecki?

[Kisielewski] First, I would shut down the Warszawa Steelworks. Then the capital would come back to life. There are no people to build the metro, the airport cannot be expanded, city transportation is disastrous, there are not enough people to staff the hotels, and here we would have a ready-made work force. The workers from the steelworks already have housing in Warsaw, they do not have to be moved, and they can be easily retrained. I would do this immediately.

My second proposal would be to privatize the health service. I was very surprised that in the discussion published in GAZETA no one thought of this. Finally in a letter to the editor someone spoke out in favor of privatization. Obviously, this is the only way to go. Let various insurance institutions concern themselves with the security of the retirees, as is done in the West. However, a doctor should be paid by the patient, clinics should be private, and people should buy medicines from abroad with their own foreign currency.

The third proposal is the construction of the power plant in Zarnowiec. In this case GAZETA also engaged in demagoguery, yet Mitterand, when asked recently about the state of the ecology in France, replied: "It is excellent because we have several atomic power plants."

I also think that we should sell Poland's cheap labor force. For example, Americans like suits from Lodz very much, but Lodz cannot produce because it pays in zlotys and the seamstresses do not want to work. They must be paid in dollars. Let the Americans who order 10,000 suit coats pay \$5 a day and immediately there will be plenty of people willing to work.

[GAZETA WYBORCZA] You are complaining terribly about GAZETA.

[Kisielewski] No, your paper is very readable. My only complaint is that you cut out one of the best television programs, "997." It was excellent and showed what Poland is. But some bigots attacked Plucienniczak in GAZETA and the colonel became frightened.

In addition, I would not mix in Soviet affairs. That has to end badly. It is too bad, but we have to be allies of Moscow and nothing can be done about this because Stalin fixed our boundaries.

[GAZETA WYBORCZA] What kind of opposition does Solidarity need?

[Kisielewski] I think a hell-raising opposition, someone on the order of Korwin-Mikke. I am very sorry that he did not become a senator. Prior to the elections I even telephoned the bishop about this, but he replied, "What can I do, he won't be elected." And Mikke would have been excellent in the senate. He would have caused ferment and raised hell. The senate would have come to life.

Moczulski, too, is able to do this. I had an amusing conversation with him once. I said, we should rely on Moscow. And he said, no, on the Ukrainians. My reply—Ukrainians! They are psychopaths, they did not have a state for hundreds of years... Only Moscow. And Moczulski kept talking about the Ukrainians. So I said to him, I will go to Gorbachev and tell him to watch out because in Warsaw there is a lunatic who wants to make an uprising for him.

[GAZETA WYBORCZA] Who of the lesser known politicians is your greatest hope?

[Kisielewski] Those who were still able to enter into the political game with the Stalinists and are living off this game and their cleverness are not my hope. Even Tadeusz Mazowiecki... I am counting on those who come after this game. I had a lot of hope in Hall, but he went into the government too early. He already announced that there should be no demonstrations on 17 September. He began to play. It is too bad, because he could have been the leader of this team of the future.

I also have great hopes in the "Poles from America," that mass of people who went to the West, made money, and want to return. They will create the new Polishness. Every country means something for the world. The Germans, we know, are hardworking and organized, but sometimes they go crazy. The Italians have the Mafia, but their economy is efficient. The Russians, we know what they have. But what does the world think about the Poles? That it is a nation of insurgents, catholics and the Pope. That is not so. Therefore, a new picture of Poland can be created by those who have experience with the West, with large production. For me an example of this is Rafal Krawczyk, who was an antiregime oppositionist here, and was a successful manager there.

[GAZETA WYBORCZA] What, in your opinion, should the Polish game plan be?

[Kisielewski] I have a plan, but for myself, not for Poland. I am now 78 years old and am counting on 5 years more at the most. I would like, during that time, to sum up my view of Poland in the 20th century and postwar Poland. I'd like to be a sort of Kadlubek [13th century chronicler] (but more down to earth).

[GAZETA WYBORCZA] I know that you wrote your memoirs covering the years 1968-82. When will we be able to read them?

[Kisielewski] After my death. If I were to publish them, now all of my friends would be offended.

Poles in Lithuania Present List of Needs for Better Conditions

90EP0098A Warsaw *GAZETA WYBORCZA* in Polish 3 Oct 89 p 6

[Article by Jaroslaw Marek Rymkiewicz: "What Do Poles in Lithuania Want?"]

[Text] An acquaintance of mine in Wilno, who is one of the leaders of the Polish Union there, presented to me the aspirations of Poles living in Lithuania. Here is what, in his opinion, our fellow Poles, whose homeland is the region surrounding Wilno, would like to have, and what, in his opinion, they urgently need. I present these demands—there are 11 of them—in my own words. It is, by the way, perhaps necessary to add that I do not represent any Polish citizens of Lithuania, or their union, or any other organization. I speak in my own name. Poles living in Lithuania would like the following:

- 1) that Polish be the second language of administration, after Lithuanian, in those areas in which Poles form the majority;
- 2) that a full and uniform system of Polish-language education, from preschool through the twelfth grade, be introduced for the needs of the Polish-speaking community;
- 3) that Polish book sections be introduced in the public libraries;
- 4) that a sufficient number of Polish textbooks be published in Lithuania, so that all of the pupils in Polish schools and classes could have them;
- 5) that the time during which broadcasts on Lithuanian television are in Polish be lengthened to two hours per week;
- 6) that a Polish cultural center be created in Wilno, which all the residents of greater Wilno could use. The center could be put (this is my own timid request) in the newly renovated theater building on Pohulanka;
- 7) that proportional representation in governmental bodies be ensured them;
- 8) that appropriate funds for cultural development and social needs be allotted to the villages inhabited by Poles

(which are situated in areas that were already neglected during the twenty years between the wars), and that these funds not be smaller in proportion to those allotted to villages inhabited by Lithuanians. I have in mind here especially the state of education, services, roads, and telecommunications;

9) that local government chosen in free elections be able to decide the economic questions of the regions and localities inhabited by Poles;

10) that religious services be conducted in Polish in a cathedral in Wilno at least once a day. A cathedral in which services took place in Lithuanian and Polish would thereby become a place of reconciliation;

11) that Lithuanian seminaries also train priests who could serve the Polish-speaking community and that the number of priests being educated in the seminaries be sufficient for the needs of this community.

To these 11 demands, I would add a 12th of my own. I would hope that our Lithuanian friends would maintain our monuments somewhat more carefully; that they would want to remember that these are our common—Lithuanian and Polish—monuments and sacred places; and that anyone who wants could at any time enter the courtyard of that house on Zaulek Bernardynski where Mickiewicz wrote "Grazyna."

I think that these demands are sensible and essential. Every national minority in every country has—or at least ought to have—the right to its own language, its own libraries, its own television, its own preschools, and its own economic self-determination. I also think that by fulfilling these demands our Lithuanian friends would gain a devoted and loyal ally in their struggle for the sovereignty of Lithuania within its present, inviolable borders.

YUGOSLAVIA

Helsinki Delegate on Trials, Human Rights Concerns

90EB0011A Zagreb *VJESNIK* in Serbo-Croatian 17 Sep 89 p 6

[Interview with Karl von Schwarzenberg, head of Helsinki federation delegation, conducted by Ivica Nasic: "Ethnic Clashes and Human Rights"; date and place not given]

[Text] The Yugoslav communications media last week announced that a delegation from the Helsinki international human rights federation has visited our country. The delegation consisted of Karl von Schwarzenberg from Vienna, Christopher Gjoterud and Dona Gomien from Norway, Hester Minnema from Vienna, Kenneth Anderson from the United States, and Sonja Licht of the Yugoslav Helsinki committee. During the several days it spent in Yugoslavia the delegation from the international organization visited several cities in Slovenia,

Croatia, Serbia, and Kosovo. During the visit to Bihac we asked Mr Karl von Schwarzenberg to answer a number of questions for VJESNIK relating to the activities of the Helsinki federation which he heads in a new term of office. The interviewee is the owner of a large estate in Austria and hereditary prince of an aristocratic family whose history dates back 700 years.

[VJESNIK] What is the source of the Helsinki federation's interest in Fikret Abdic?

[Schwarzenberg] As one of the most successful economic projects in Yugoslavia, Agrokomerc has become known outside this country. The scandal involving this entity has aroused the special interest of all media in Europe, and especially those interested in economic and political problems in Yugoslavia. To us outside Yugoslavia Agrokomerc has been a symbol of what is new and successful. At least it was before the scandal erupted. Later we learned from the communications media facts which indicated to us that the Helsinki federation should pay particular attention to the entire case and the chief figures involved in it.

Appeal to Yugoslav Public

[VJESNIK] Were you at the trial of Fikret Abdic, and did you meet the first person charged in the Agrokomerc scandal?

[Schwarzenberg] Both came off with no particular problems. We would like to express our special thanks to the judge and to the chairman of the panel of criminal trial judges in Bihac. Because of their helpfulness we were able to complete an important part of our mission in Yugoslavia. We regret that we were unable to get in touch with representatives of the public prosecutor's office. We were only informed that Miss Vildana Helic, a representative of the Higher Public Prosecutor's Office in Bihac, had no time available for us.

[VJESNIK] And what impression do you have of Bihac?

[Schwarzenberg] Unfortunately, our stay in Bihac was too brief for us to obtain complete information about the trial of Mr Abdic and his treatment as a defendant. And so, on the basis of what we wanted and learned by various means, we had to conclude that some of the proceedings against this person are not entirely proper. We learned from his lawyers that he is seriously ill. This was recently confirmed by top medical experts from Zagreb, and yet Fikret Abdic has been in prison for 2 years now without elementary conditions for his subsistence. We were not allowed to visit the Bihac prison, but we were informed that the man, until recently a respected businessman, is being held in a small room which no light enters except from a corridor. His exposure to fresh air, in effect during a walk, is merely symbolic. The decision by the prison authorities and justice administration agencies in Bihac to limit visits by Fikret Abdic's family members to only 15 minutes seems

to us to be unacceptable. It is our impression that certain options which the law allows have been ignored in this case.

[VJESNIK] Have you talked to Fikret Abdic?

[Schwarzenberg] Unfortunately, we have not been able to talk to him face-to-face. During the approximately 1 hour which Fikret Abdic himself asked of Mr Kojnic, we added to our information on his experience in prison the attitude toward him, and everything that preceded his detention. We feel that the charge against Fikret Abdic is vague. Our observation of the course of the trial thus far in Bihac entitles us to conclude that not everything was not done as it should have been during the Agrokomerc investigation. We would like to believe that the deficiencies will be made up as the trial progresses.

[VJESNIK] What will you do in the context of your mission after you leave Bihac in connection with Fikret Abdic?

[Schwarzenberg] In accordance with the established procedure, we will write our report. We will inform all the Helsinki committees in individual countries of the contents of the report, and in particular we will appeal to the Yugoslav government to suspend Abdic's detention. We feel certain that his trial could still be efficiently continued and brought to an end if he were allowed to conduct his defense while at liberty.

[VJESNIK] But Abdic is charged with one of the most serious crimes for which punishment is prescribed in the penal code of Yugoslavia, which explicitly calls for imprisonment as punishment for the crime.

[Schwarzenberg] In view of the fact that Abdic continues to be denied liberty, we base our argument on the principle of humaneness. Above all, it is a question here of a trial in which the indictment speaks of counterrevolutionary activity, that is, political incrimination is involved. It is unfortunately our experience that human rights are violated as a matter of course in political trials. Everything indicates that the Abdic case is not immune to this. This explains our special interest in the trial in Bihac and the primary defendant.

[VJESNIK] And not just him alone?

[Schwarzenberg] We spoke with a certain Mr Ibrahim Mujic in a hospital in Zagreb. He is a physically and mentally broken person. The statements by this doctor of science will be of great use to us as a supplement to the general information on the attitude toward the persons charged with responsibility for the failure of Agrokomerc.

The Four and Vllasi

[VJESNIK] You visited Ljubljana before you came to Bihac?

[Schwarzenberg] The need to obtain information about the Ljubljana Four took us there. We were concerned

that Jansa, Borstner, Tasic, and Zavrl were tried by a court martial. A civil court should have had jurisdiction over their case. In addition to everything else, they were not allowed freedom to choose their attorneys. All this casts doubt on the trial in Ljubljana. Three of the four are still in prison. We spoke to the two of them who had the right to leave. We obtained from them the information we needed for our report.

[VJESNIK] Did you speak to other persons in Ljubljana?

[Schwarzenberg] We spoke to representatives of the Human Rights Council, the Committee for Protection of the Human Rights of Albanians in Ljubljana, and the Ljubljana group of the Helsinki Human Rights Committee. They were very frank and spoke freely. The attention of our group in Ljubljana was concentrated on constitutional changes and an independent judiciary, all matters linked to changes in rapidly developing societies, and on other aspects of day-to-day life in Slovenia and Yugoslavia as a whole. On the subject of the Ljubljana Four, we also discussed the language used during the trial, and it was not the native language of the accused. To the majority of the members of the Helsinki federation this, by the way, was nothing new. European and Austrian newspapers have naturally published reports on this trial. It was of particular interest to Austrians, in that it was a trial in a neighboring country. We also brought away from Ljubljana the impression that the movement there for protection of human rights is an exceptionally strong one and that the majority of the local inhabitants are preoccupied with it, which is not the case in other areas of the country.

[VJESNIK] You mentioned the Committee for Protection of the Human Rights of Albanians in Ljubljana.

[Schwarzenberg] We did not obtain special information on Kosovo. Our information does indicate, however, that the situation in this Yugoslav province is such that persons in other areas of Yugoslavia could do quite a bit for Kosovo. One of our representatives was in Kosovo a year ago, but it is feared that certain changes have not been made in the interim. A colleague on the Norwegian committee was also in Kosovo recently and did not manage to see the same people he met earlier.

[VJESNIK] We hear that you are also interested in the Azem Vllasi case.

[Schwarzenberg] With good reason. A political trial is involved. We asked the Yugoslav government for permission to visit Vllasi and talk to him. Our request was addressed to several persons and was repeated several times, but we received no reply whatever. The thing is that we view Kosovo as one of the most serious problems, even one of the hot spots, so to speak, in Europe. Despite the fact that a number of reports on Kosovo have reached us in the last 2 years, we regard them as still insufficient. While a problem, Kosovo to us also has the tone of a tragic ethnic conflict. It is also of great importance to Serbs and the Serbian homeland, because of Kosovo Polje, which is a holy symbol to Serbs. There

is also the problem here of the extremely rapid growth of the Albanian population with all its attendant social misfortunes. The problem is that there is a Serbian majority in Serbia and an Albanian majority in Kosovo. Ethnic problems are generally explosive when the catalysts are social.

[VJESNIK] Could you be more precise?

[Schwarzenberg] The experience of a hundred years shows that violation of human rights comes to the fore in all ethnic conflicts. It is highly important at this time to the Helsinki federation to determine the way in which human rights are threatened in Kosovo, equally those of Serbs, Montenegrins, Albanians, and other ethnic groups, each in its own way. What have alarmed us are reports about the number of people who have been deprived of rights and threatened, either by isolation or attempts on their lives, and whose basic human rights have been violated in this way.

[VJESNIK] And insofar as Azem Vllasi is concerned?

[Schwarzenberg] If the former leader of this region is in prison, obviously a political trial is involved. Past experience tells us that such a situation leads to violation of human rights, I can comfortably say, in as many as 85 percent of such cases. Of course we are interested in the fate of Azem Vllasi. We feel that the proceedings against Vllasi, like those in Bihac, are political because of their nature and prominence.

Does Not Want Government Help

[VJESNIK] What do you intend to do after your visit to Yugoslavia?

[Schwarzenberg] We will write a report on all the facts that we have found, and then we will check to see if these events have violated international agreements protecting human rights, which have been signed by many countries in Europe and elsewhere in the world, including Yugoslavia. If human rights have been violated, we will notify all the national Helsinki committees, the international public, and persons concerned with protection of human rights in one way or another. This mechanism operates by having our committees inform governments and the parliaments of governments, along with the communications media. It is our experience that this notification is followed by intervention by national authorities. As you know, the final documents of the Vienna conference on European cooperation and security provide for the possibility of every government that signs this document exerting influence on another country which has also signed it and in which human rights are violated. It is a request that certain steps be taken.

[VJESNIK] Missions such as yours in Yugoslavia involved considerable cost, so the question arises of how you obtain funding for the work of the Helsinki federation.

[Schwarzenberg] At the level of international assistance, which above all excludes any type of financing and monetary grants by countries and governments. The money comes from any foundation in any country. We prepare reports and projects, and on their basis foundations provide funding for us. To tell the truth, it is by no means easy to find people who are prepared to give money for human rights.

[VJESNIK] The Helsinki federation has been very busy lately.

[Schwarzenberg] We have had several missions over the last months and years. Of course, it is not always the same persons who concern themselves with human rights, but very broadly speaking the people have the same professional profiles and characteristics. A mission is also made up of more or less the same number of members. This year, for example, we were in Czechoslovakia. One delegation, made up mostly of Americans, also visited Turkey. It concerned itself with minorities, the conditions in prisons, the restricted freedom of the press, and so forth. Turkey presents a very serious problem from this viewpoint. The USSR is also an area in which there is much for the Helsinki federation to do. We have already had one mission to the Baltic countries in the USSR, and recently I myself was in the Ukraine and in Moscow. We are also preparing a delegation to visit the Caucasian region, where conditions at present make such a mission very difficult. We hope that a mission will be sent to Bulgaria this year.

[VJESNIK] The whole world knows that there are also human rights violations in Albania.

[Schwarzenberg] Albania is not an area in which we work, because this country did not sign the Helsinki agreement. We concentrate our attention on countries which have accepted the obligation of respecting the Helsinki human rights accord.

[VJESNIK] Your work at the Vienna conference on security has also been appreciated.

[Schwarzenberg] All delegates, regardless of whether they are from the East, West, or nonaligned countries, have assessed and have very carefully and respectfully examined the materials and documentation which the Helsinki federation has submitted as its contribution to the protection of human rights.

Misunderstanding About Arrival

[VJESNIK] What impelled you personally to join the Helsinki federation, and what moved the organization to appoint you president?

[Schwarzenberg] Everyone, of course, must have a personal reason for assuming this duty. As far as I am concerned, it lies in the fate of my family. My grandfather was arrested by the Nazis as soon as they entered Vienna. My uncle Henri Schwarzenwald, who adopted me, spent the war at Buchenwald. And another uncle in

a Nazi camp worked in a uranium mine. Hence my personal experience is linked to human rights. In addition, when the Helsinki federation was formed, the question arose of which person could represent the organization best and most efficiently because of personal and political connections. Knowledge of the countries in which human rights are violated was also important. And so they came to me, as Mario Puzo says, with an offer I could not refuse. I accepted the post of president on the condition that I would not be so in name only. I was elected unanimously at a meeting of the Helsinki federation and my term of office was extended at this year's conference with the consent of all the national committees.

[VJESNIK] Your entry into Yugoslavia was to have been postponed. Did the Federal Secretariat for Justice propose that it take place somewhat later?

[Schwarzenberg] Yes, as a matter of fact. This secretariat notified us in writing that it would be much better if we were to visit Yugoslavia at the end of September, so that thorough preparations could be made for the planned talks and meetings. This was done in connection with simultaneous holding of the summit of nonaligned countries. The Federal Secretariat for Justice also wrote us that it greatly desired to make certain that the international public gets an objective picture of the human rights question in Yugoslavia. We could not accept this proposal, however, for purely technical reasons. One member of the delegation was to come from the United States and two others from Norway. The problem was to coordinate the time available to them. It takes at least a week for these people to get together after a series of agreements preceding travel. Hence we could not abandon our trip after we had already gotten together. But 2 days before the trip to Yugoslavia the Yugoslav ambassador in Vienna was so good as to call me and explain that after the summit and the intense work, much rest was needed. But the visit could not be postponed as the Yugoslav authorities wanted.

[VJESNIK] What is your assessment of the talks and meetings?

[Schwarzenberg] You in Yugoslavia are obviously concerned yourselves more with human rights, especially in Slovenia. We talked to Mr Ljuba Bavcon and Igor Bavcar there. A large segment of the population concerns itself with human rights in Slovenia, in contrast to other areas of Yugoslavia, in which for the most part only intellectuals, lawyers, socialists, and certain other persons concern themselves with human rights.

[VJESNIK] The last place you visited was Zagreb, and you made contacts there.

[Schwarzenberg] In Zagreb we talked to the Liberal Social Federation, the Association for Yugoslav Democratic Initiative, and the Croatian Democratic Federation. These were fruitful dialogues for us. We heard about different ways of protecting human rights.

[VJESNIK] And what comment do you have on your trip as a whole?

[Schwarzenberg] We hope that the outcome of the trial in Bihac and the one announced in Titova Mitrovica will not confirm our apprehensions.

Macedonian, Croatian Reform Programs Discussed

Croatians Face Implementation Difficulties

90EB0020A Zagreb DANAS in Serbo-Croatian
26 Sep 89 pp 10-12

[Article by Jelena Lovric: "Croatia Is Writing and Rubbing Out"]

[Text] Croatia needs a new identity. There is a crisis of confidence and internal relations; the system of values, especially those which stood for people's identification with the blueprint of socialist self-management, has been shaken and put in jeopardy, Drago Dimitrovic said in a meeting of the Croatian party leadership in making the case for a kind of program which in this context is supposed to signify turning the record over, but which came from its (computer) workshop in its original form. Is there finally some movement in that Croatian search for identity, for its denominator, for recognizability and its own definiteness, that long and painful search for its own soul which has been cramped on the one side by the republic's political vegetation (as the price for what happened 20 years ago) and on the other hand by the capabilities of the leadership teams, which have usually been perceived as "straws between whirlwinds"? Has Croatia now, at a moment when it was almost brought to its knees, finally stood up, conscious of its own needs, its abilities, and its responsibilities, which do not lie only in being a disgusted moderator, but also in resolutely placing its weight in the pan that represents reform, even though that implied speaking out loud? Or is this yet another attempt to make up with an individual or group effort for what ought to have been the result of the creativity and historical compromise of all those in that republic and in the country as a whole who want a future which will not be a return to a shameful past? Is that program the last chance, "Croatia's last rose," or is it already late to hope for "our beautiful" with socialist features?

Although Croatia's only party will for the present be taking this program to its upcoming congress, its very preamble proclaims that it is an illusion to hope that that will be a decisive political event or a watershed, since such expectations could "block moves toward democratic reform." In seeking, as Dimitrovic put it, "an interpretation of socialism that is acceptable in terms of the values of civilization," the program offers more political commitments than precise operational reference points, it is not confined to one model, nor related to one and only one truth, there is no pretension of offering final solutions, nor is it fixed to an ideological framework that would signify more a "new dream than a

new life." The "Croatian program" commits itself to the following through an open and dynamic process:

- development of a market economy as a part of the world market, development of enterprise and innovation, greater motivation and independence of economic entities, pluralism and competition of the different forms of ownership without giving preference to any one of them, but making it the task of the state to create a competitive environment for the competition of social, government, cooperative, and private ownership;
- construction of a democratic and effective law-governed state that would constitute the legal framework for stimulating market processes and development, for suppressing monopolies, a greater degree and more effective protection of individual rights and freedoms, with reference to the entirety of human rights covered by the UN charter, the Helsinki declaration, and our own self-management practice, including the legitimacy of individual and group interests, the right of the minority, and abolition of the verbal crime; a modern and competent administration and independence of the executive authority, which is to be monitored by and accountable to assemblies, to the independent position of the courts;
- reform of the LCY [League of Communists of Yugoslavia] and all sociopolitical organizations, abandonment of the one-party monopoly, and removal from the Constitution of the a priori assumption of the leading role of the LCY, internal democratization and development of political pluralism, to competition of programs and pluralistic democracy through the socialist alliance, assemblies, and the public; direct elections, multiple candidates, and the secret ballot; adoption of a law granting citizens freedom of association, including the freedom of political association as one of the basic rights, to reform of the political system so as to bring about the institutional prerequisites for fuller exercise and development of that right, and in this connection political pluralism is seen as a necessary prerequisite for resolving the present profound social crisis, but also a precondition for Yugoslavia's future development as a modern, democratic, socialist, and federal community;
- development of the SFRY based on the fundamental commitments of our socialist development up to this point, but also adopting the achievements and experiences of the most advanced countries in the world, to openness of the model for development of the Yugoslav community and its mixed character, to federalism as the optimum form of existence of a multinational community, but also as an opportunity for modern development, and in this connection it is emphasized that there cannot be majority rule in the Federation on the vital issues affecting the interests of the nationalities and republics, since the Yugoslav community was created by the free will of the nationalities on the basis of the inalienable rights to self-determination, including the right to secede, and to

reaffirmation of the fundamental nationality policy of the LCY....

On 'Fraternal Assistance'

The program, which looks ahead to reform, rather than to the past or only to its renewal, is open to criticism and additions; abandoning cozy orthodoxy, it has freed itself of the Croatian syndrome of defense and preservation of the entire status quo, at the same time emphasizing the awareness that maturity of civilization is confirmed by the ability to bring differences together and that cooperation and competition lead to development, rather than confrontation and exclusiveness. It does, of course, contain some chaff, unnecessary words, unclear proposals, and debatable solutions, but this is the first time that what ought to be the program of Croatian Communists has been brought together in one place. And it must be said that in general it is not bad. However, will it be enough? That is, given the disasters in the economy and the political uncertainties, ethnic rivalries and efforts to see who can be the most irrational, more and more frequently what is demanded is not a view of the future, but proof at least that "we also have something going for us," when there are ethnic leaders on the stage presenting an appearance of security and a warm and cozy homogenization, which offer the illusion of community, the question is whether the program, which presupposes and requires individuality and personal commitment, will be greeted with applause; although in terms of civilized values this is the superior way, it is still the more difficult one. But if for the present we leave to one side this dilemma, which is not at all insignificant, the question remains whether the "paper," which will soon be going out to the party rank and file for its examination, is a real step in the collective consciousness of the republic with a consensus economy and the White Paper or a document written under duress which will have nothing to do with real life?

One section of the program states that "making political pluralism authentically possible in our community will be our first test." Yet in Croatia even the Association for a Yugoslav Democratic Initiative recently received an official rejection, and for the present all groupings with political ambitions are operating illegally. The program also speaks about abolishing the verbal crime, yet real waves of indignation have been rising up in the republic; although the statements that evoked it were insulting and painful, it is still an unsuitable exaggeration, probably brought about by the absence of reaction from where it should have come; by contrast with Serbia, where that kind of treatment gives a supposed legitimacy to the authorities, in Croatia it has been completely replaced in that regard. Because of the Opacic trial, Croatia has been proclaimed all but a land of perpetual darkness, which can be put in relative terms, but also accentuated, by the fact that the courts in Croatia give harsh treatment to all crimes with ethnic overtones (and Sibenik seems to be the leader in this), which means that those who happen to be Croats are treated in the same excessively severe manner as others. All of which could be an argument for

the assertion that reality is far from what is now being proclaimed, but also an argument as to how necessary the reforms are.

But how seriously the proclaimed program is being taken can best be seen from the way it fits with moves being made now, since, as someone has said, "only the unity of our project and our specific action can give persuasiveness to the policy and lay the basis on which it can gain Yugoslav strength, affirmation, and support." If the program offered were proof that the Croatian leadership has matured, then the debate about the current political situation in connection with the recent offering of "fraternal assistance" by party leaders in Vojvodina, which was postponed from one hour to the next in last week's plenum, getting on the agenda only in the afternoon of the 2d day—which can be interpreted as a desire to tire out the republic with other topics and to drop the ball with this one—shows that the top party leadership still has not freed itself of wavering and procrastination. To be sure, the introductory address delivered by Stanko Stojcevic was altogether in the style of Sardelic, contrary to his own cautious style and altogether devoid of that aloofness from Sardelic's assessments which he displayed in the meeting of the LCY Central Committee. Placing all these disputes over the program and practice of the government's economic reform, the social status and organization of the League of Communists and the character of the Federation in the context of a conflict between the forces of reform and democratic socialism on the one hand and the forces of authoritarianism and regression on the other, Stojcevic said that "no amount of threats, challenges to new duels, and saber-rattling can dictate what is not in the interest of all in the Socialist Federal Republic of Yugoslavia." With the intention of redesigning Yugoslavia expansionist Serbian nationalism—in order to block Croatia and thrust it to the margin—is resorting to the old tactics of using the Serbian nationality in Croatia as a substitute in the conflicts and haggling between Croatian and Serbian nationalism. It is in that context that we should view the initiative of the Vojvodina leadership concerning "fraternal assistance," which is a "method prohibited, unsuitable to relations in the LCY," whereby the "Presidium of the Provincial Committee of the Vojvodina LC [League of Communists] crossed the line which no one should or can cross," Stojcevic said and thus with his new speech, the leader who just a few days ago was the object of the criticism and indignation of a significant segment of the party membership in Croatia, won for himself the role of a person who has gained public support.

Historical Accountability

But in the debate, just as was the case a day earlier when the program was discussed, there proved to be a full range of views, so that it might be said that the Croatian LC Central Committee is actually Yugoslavia in the small: from some like Borislav Mikelic, for example, who asserted that the reaction of the Vojvodina party forum after Knin is being interpreted as a response to Croatia

for its views concerning Stari Trg and particularly the sending of financial aid to the miners, to others like Enver Sehic, for example, who said that these were issues essential to this republic and to the country as a whole, since the leadership of Vojvodina had not made an injudicious and tactless move that violated elementary party order and the proper way of doing things, but was yet another in the 2-year series of constant attempts by every means, by causing conflicts, mistrust, and media wars, by attempts to cause a split in the Croatian leadership, to achieve just one goal. It is a question, Sehic said, of this country's authentic ethnocracy, I am referring to the group around Milosevic and his hangers-on in the provinces, to clearly, openly, consistently, and without any beating about the bush, to shape its political program on the public scene, incorporating in it a goodly portion of revivals of the set of instruments of classic socialist societies and conquering territory on the Yugoslav political, social, and economic scene. It should be no wonder, then, that the official policy there does not react to Cosic, to No 7 Francuska Street [address of the Serbian Writers Club], since the key theses of these people have been incorporated into the official political program, which is obvious if Milosevic's speech at Gazi Mestan is compared to what is written in the Memorandum. So comments should not be sent to the wrong address, since Vojvodina's initiative is merely a small stone in the same mosaic, and "we, as the supreme political body of the party, must recognize that and we must tell people that we will not allow them to get away with it." Which is why Sehic, just like Borislav Malada before him, saw the role of the Croatian leadership along two lines: Malada asked what kind of organization would at the same time set and hold a border that could not be crossed—since for the socialist fundamentalism that is setting fire to Rushdie's arrows this is a way of life, not an outburst—but at the same time to organize forces that would oppose them by achieving results in development and by opening up a future. Sehic spelled that out as a task: on the one hand to block the assaults which for 2 years now have kept the country in a state resembling delirium and on the other hand to offer appropriate Yugoslav programs oriented toward everything that is coming, joining up with the democratic forces in all parts of the country so that together they might pull the car out of the mud. That is our historical responsibility, and we must be aware of it today, Sehic said, and at that point Stanko Stojcevic announced an intermission. Perhaps that was a coincidence, but one could not help remembering that an early pause was also announced after Celestin Sardelic made his speech in the LCY Central Committee. A study might be written about the role of intermissions in political events, about the quick cooling of heads, the fast-move compromises, the fear that differences might appear on the public scene and rock the boat....

Cold Tea

But it is no longer just in public, but also in the Croatian LC Central Committee, that there is increasingly vocal

dissatisfaction with the (former) Croatian silence, so that Zorica Stipetic, for example, said that "it has been a long wait for clear positions and precise names and addresses," Malada explained that the sense of silence perhaps occurred because the person whose interpretation received with the public the active support of the majority or at least was not opposed was also given the opportunity to set forth his own interest as that of the entire society, so that although Croatia has not been silent, other forces were organized to impose their own interpretation on the public as the dominant one. And Mladen Zuvela remarked that the initial confidence in the leadership of Croatia had evaporated, because they were constantly arriving when the "tea had grown cold": confidence had vanished because of the inappropriate reaction to statements to the effect that the goal would be achieved lawfully or unlawfully, in accordance with the bylaws or outside them, with arguments or without them, and then after the decision was made on the extraordinary congress, when members of the LCY Central Committee from Croatia did not abide by the decisions here, but simply altered them, which has never been clarified, they melt whenever there is a rude attack on Croatia and the people in it, to which there has not been a prompt nor altogether clear reaction. I think, Zuvela said, that this Central Committee must state that there have been enough compromises with all those who are destroying Yugoslavia, destroying it with each passing day, equally by verbal aggression as well as by silence. We have contributed to this with our silence. Thus, even in the Croatian LC Central Committee they have finally become aware of the crime of silence which they have collectively committed and of their historical accountability for not having reacted on time.

New People

Now that the program has happened to the Croatian leadership, which has at the same time been maturing both in that part of it which is defined as "for" and also in that denoted as "against," we certainly should not detour around the fact that its destiny is bound up with the dilemma of who will carry it out. Dimitrovic said a few days ago that the old forces could not be the protagonists of the new. But on the eve of the election, so to speak, and at a moment when the new leadership slates are already being drawn up, we can hardly talk about new people, perhaps only about new names. After all, those who are departing have up to now always chosen those they were leaving to their own measure, so that, since there was no democratic influence or verification, leadership teams have as a whole been falling to ever lower branches. Although at the end of its 4-year term, the present leadership of Croatia has managed to give birth to an interesting program, taken as a whole, it has been very conservative, trampled by the new times and the new needs, while the program, which seems to be a collective effort, is supported by some as their own creation and others only by nonopposition. It is extremely unfair, then, to apply leveling among them as to the credit and responsibility. The direct election will

tell how the party rank and file in Croatia will vote in the coming elections on its own candidates both for members of the Central Committee at the republic and federal levels and also for members of their own presidia, and since a large number of candidates has been envisaged for some of those positions, we can expect that the line of negative selection will not be pursued this time. But along with the flight of members from the party, there is also a flight away from holding office. By contrast with certain other environments, where privileges or at least the honor of wielding power goes with the office, in Croatia it no longer has those attractive attributes, and it is no wonder that among the new candidates for office there is hardly anyone who has previously occupied those positions.

Some of them thanks to the assessment, probably accurate, feel that they would not get a passing grade in a direct vote of the rank and file. However, the future candidates do not even include those who were the authors of the new program, which is utterly illogical if we are striving for competition and for the rule that offices should be obtained on the basis of programs and in order to carry them out. It is out of place under the conditions of the new competition and direct voting by the rank and file that the elections should be hampered and limited by the old criteria such as limitation of the term of office, for example. There is no doubt that new people are needed in Croatian politics, but is it necessary to have an almost completely new leadership team enter the first grade once again every 4 years? After all, no sooner have values become crystallized and a sediment laid down, no sooner have some of them matured and others shown what they can do, than it is time to pack up. The party can hope for prestige only when it is led by prestigious people, and time is one of the things it takes to arrive at that description. If future leaders are elected on the basis of their programs, among multiple candidates and by secret ballot, then truly there is no need whatsoever for the elections to be limited by those restrictions which in any case are only a bad substitute for these eminently democratic features.

It must be specifically stated that the list of those nominated for the highest level of party authority in Yugoslavia as candidates from Croatia is quite amazing. Even to a careful chronicler of political events those names are altogether unknown, which presumably was realized only during the 2-day work of the Croatian LC Central Committee, and additional candidates were sought out literally overnight and in an extremely frivolous way. Following everything that has happened recently, one can easily understand that no one wants to bite that sour apple, but it is utterly irresponsible on the part of the leadership to let things slip from its hands in this way even in personnel policy, which was always the bastion defended to the last breath. What is one to say about this indifference to who will represent Croatia at the level of the party leadership of Yugoslavia when we know that decisive battles will continue to be waged there? Or is Croatia already giving up on Yugoslavia?

How, finally, is the battle for the reform to be won if those sent into the front ranks have not yet been baptized under political fire, that is, or if that battle is being confined within republic boundaries?

Macedonians Urge End to Dogmatism

90EB0020B Zagreb DANAS in Serbo-Croatian
26 Sep 89 pp 13-15

[Interview with Petar Gosev, member of the Presidium of the Macedonian LC Central Committee, by Iso Rusi: "The Overlong March of Dogmatism"; date and place not given]

[Text] The last meeting of the Macedonian LC Central Committee followed a stormy and dynamic course. This was the occasion for an interview with Petar Gosev, member of the Presidium of the Macedonian LC Central Committee.

DANAS: How do you as an active participant explain the liveliness here, which is unusual for Macedonia?

Gosev: There are several reasons why the last meeting of the Macedonian LC Central Committee was different from the others, more accurately, why it was polemical and differing views confronted one another. The processes of emancipation of "disciplined," "truncated," and "dogmatized" thought such as are occurring today throughout Yugoslavia, in some places more pronounced and in some less, of course, are working in Macedonia as well. Second, the hour is approaching of the definitive decision: What road will we take to the future, the one we have traveled up to now or a new one, or put differently, how much the old road and how much the new one? Until a few days ago, it was quite sufficient in these debates for each participant to commit himself in principle to the progressive alternative, and he would expound the position of "energetically demanding reform of the economic and political system," or, in somewhat more "concrete" form, "he would energetically demand transition to the market mode of economic activity and an effective and democratic model of the political system built on that basis." It was not difficult to conceal whatever one really thought, and at the same time to win a point as a democratically oriented participant. Now, however, the time has run out for general declarations. The masks have to be taken off. People have to say specifically and precisely what they mean by the true market mode of economic activity, what is and what is not the market mode of economic activity. They have to state precisely what kind of political system we need, which are those new specific forms and institutions of the political system which lead to the law-governed state, which can definitively place us among the modern democratic societies, and which stand in the way of that. It was at that meeting that we got into that area where people had to speak in specific terms. It was not possible for everyone to "anchor" in the harbor of declarations in principle, and it is therefore understandable that there should have been polemics and rejoinders. Indeed, the material itself, the programmatic document for the 10th

Congress of the Macedonian LC committed itself very specifically on some of the basic issues of the economic and political system, while others it left to be "finalized" during the public discussion and in meetings of the Central Committee. At the same time, the temperature is rising and there is greater nervousness in society because of the further deterioration of the political and economic situation in the country. It is increasingly difficult to guarantee people's basic everyday needs. More and more workers and citizens are dissatisfied. Under that pressure, every participant in political life feels a "pang of conscience" because of the sterile, pointless, and at the same time expensive meetings that have gone on for years. And finally, I would mention another reason. Election time is coming, and what is called public opinion, the judgment of both constituents and those at the grass roots who are not constituents, will be having an ever greater influence on the elections, so that candidates to represent society are trying to adapt to the situation in order to realize their own personal interests as well.

DANAS: In the plenum there was a polarization such as had not occurred in the previous proceedings of this body in its present membership. Many believe that this is the continuing fracturing of the unanimity and monolithism of the Macedonian leadership and in fact a conflict between two periods of time and of conceptions about getting out of the crisis and the role of the party in all of that.

Gosev: Throughout the country protagonists of the two basic conceptions of the organization of economic life and the life of society in general are "at war." Stated in somewhat oversimplified terms, the "war" is being waged between advocates of a harder or softer version of statist real socialism and advocates of a truly thoroughly reformed socialism which, based on the development of the productive forces that has been objectively achieved, can only take the form of a mixed society—a society which is growing through evolution and is thus changing the foundations of "bourgeois" society in the direction of gradual attainment of that kind of social and political equality and justice which were conceived by the classics of Marxism. The collision between these conceptions, between the time that is passing and the time that is coming, by way of their exponents, is also a characteristic of Macedonian reality today, which does not differ so much from Yugoslav social geography in general. In the meeting of which we are speaking, the main points on which those conceptual distinctions became evident were social ownership, (non)integral self-management, political pluralism, and the role and character of the LC in the social and political system. The same things, then, that are being "argued" throughout the country.

DANAS has already described the meeting as "dogmatism's long march." I agree that dogmatism's march has not been long, but overlong, but throughout all of Yugoslavia, and that also means within the Macedonian social environment. But regardless of what was said by members of the Macedonian leadership team or "ordinary"

members of the Central Committee, the programmatic document that was offered was unanimously accepted and sent off for public "dissection." Accordingly, the new ideology is spreading, and if there are no "like-minded people" among members of the leadership, nor is this confined to them, on certain issues of the reform, that is nothing peculiar to Macedonia, and it need not be the main cause for the failure of the social reform. More dangerous than that is that we have already felt the full force of like-mindedness, monolithism, and unity, in the sense understood up to now, and what is more achieved in the well-known manner used up to now.

DANAS: The document offered favors a more democratic and efficient society and a higher quality of life. The most radical and liberal concept to come from this environment would seem to be offered. For the first time in a long time, Macedonia is coming out with its own program without waiting for consensus at the level of the country and a simple "translation" of the documents into Macedonian.

Gosev: I would not say that Macedonia has always waited for "translation" of what other communities have adopted. As for the specific features of the present economic and political system, as far as I am aware, the creation of those solutions had very little to do with those other communities either, since this was "dealt with" by a not very large number of people whose names are well known to us. Had there been freedom to create solutions in the country's economic and political system in those "other communities," they would have been carried over much earlier to Macedonia. The others were not offering anything new either, which is why we stayed with the old so long.

Incidentally, this is not our first document along the lines of demanding radical changes in society, while accepting a certain Yugoslav progressive sublimation of specialized, theoretical, and ideologically progressive solutions. The first conference of the Macedonian LC, which was held before the LCY conference, adopted a document in which we incorporated the most radical demands to date concerning the economic reform in Yugoslavia and the republic's new development policy. We were among the first to demand an integral market, introduction of the category of profit, and reaffirmation of the concept of the enterprise, and we put other demands which at the time were still very "debatable" categories.

DANAS: What are you striving for in the document offered?

Gosev: We accept the changes made so far in the economic system, and we are demanding that this concept be further rounded out. Accordingly, we are in favor of radical reform of the political system as well, since it is clear that there can be no economic reform without that. With respect to the economic reform, we are demanding complete institutionalization of a true integral market, along with an advanced market for capital and manpower market and full-fledged development of

enterprise. We are actually demanding construction of a system that is entirely market oriented, not a planned-market economic system. On those foundations, we are calling for reduction of the economic functions of all sociopolitical communities—in particular the opstina, reform of the social services and abandonment of the institution of "free exchange of labor," which has obviously suffered a fiasco, and then the unhindered development of all forms of property without any sort of administrative restrictions. We are demanding that the problem finally be solved of the unhindered and even stimulated establishment of new enterprises. We are favoring a new development policy which will facilitate a faster process of continuous structural adaptation of the economy and of economic units consistent with the economic structures of the advanced European environment. We are demanding a new tax system, an up-to-date agricultural policy, and greater economic and political openness, above all toward Europe.

There are several key commitments within the framework of the conception for reform of the political system. First, abandonment of the conception which was based on the commitment that economic equality of producers was a condition for ensuring the political equality of citizens. Then placement of man as producer and citizen at the center of the political system, that is, abandonment of the conception of the "truncated" people in which the political system is articulated solely as the interest of the working class and aside from the ethnic interest respects only that interest. Further, abandonment of the concept of "integral self-management in view of the fact that we have accepted both private and public ownership and that owners of capital have the right to management and the right to appropriate the business results in proportion to the capital invested, we are advocating adoption of the principle of one man—one vote, adjusted as necessary to guarantee the equality of the republics as sovereign states within the SFRY. We favor the right of citizens to free political association, that is, a politically pluralistic society in which there must be not only full economic competition, but also political competition.

And that means that we are demanding abandonment of the concept of the party state, that is, construction of a modern law-governed state with an independent judiciary and separation of the legislative, judicial, and executive branches of government, and direct secret elections with multiple candidates for all public offices. How new that is, how much it corresponds to what is being demanded in other parts of the country, can be judged, at least basically, from what I have said.

DANAS: The public debate in party organizations which is now under way seems to have all the shades in the spectrum—from "a return to capitalism" and "removal of the party" to "the only way out" and "the multiparty system."...

Gosev: The indoctrination of the Bolshevik type of socialism, the socialism of the "Azbuca komunizma"

[The ABC's of Communism] of Bukharin, and the Preobrazhenskiy of 1920 and later Stalin's concept was incredibly great. Yugoslavia has been washing its own brains since back in 1952, but it has not been altogether successful to this very day. Fear of the spontaneity of the market, of the capital relation, and of exploited hired labor as in the 18th and 19th centuries is deeply implanted, especially in those age groups which fought against those social relations. For the socialist countries, especially those whose origin is in real socialism, capitalism and bourgeois society are known only from the times of their deep crisis, unemployment, inflation, and wars. That is why we should not be surprised that a mind indoctrinated in that way should have such difficulty getting free of it, so that there is still the exclamation "We did not fight to get what the reform is offering." When we add to that the stratum of privileged bureaucratic segments of society which have been entrenched for decades in the system of government that was set up—which means a very comfortable life on the basis of that position, not on the basis of ability and work, then it is quite clear that at precisely this point, when the hours of the "to be or not to be" decision are ticking away, they will resort to the entire arsenal of weapons, from ideological weapons to all possible others, to defend the present system. There is no doubt that those forces are very strong throughout the country and on waves of worker dissatisfaction and general social and political tension in the country they can take the fight back to the reform and again, in the name of justice, equality, discipline, and order, accomplish a final "Romanianization" of the country.

DANAS: The situation in Macedonia on the economic and social plane is one of the most difficult in the country. What can be noted as a way out of that? How much can Macedonia do on its own, how much does it expect from others?

Gosev: The situation in the republic is truly one of the most difficult in the country. It is not possible to get out of that either quickly or easily. On the contrary, there are difficult birth pains ahead. But if a way out is possible for the country as a whole, it is also possible for Macedonia, though obviously with much greater effort. Where do we see the way out? First, what is valid for the entire country—complete the economic reform and carry out a reform of the political system. I have already spoken about how. Accordingly, the first general condition for all of us in Yugoslavia is to build a society with full economic and political democracy, since only in that way is it possible to awaken people's creative strength and arrive at a constructive competition as to who can do more and who can do better.

Second, Macedonia must slowly get away from the "heavy" economic structure in which capital-intensive capacities predominate. It must also get away from the traditional low-income industries and give maximum incentives to small and medium-sized enterprises within industries that give a thrust to the economy. In that

process, which is not brief, we must stimulate investment of resources by individuals, by workers employed abroad, and foreign capital. Certain beginnings of this are already evident, but we still have not given a well-directed thrust with measures embodying the system, the measures of development policy, and current economic measures. Third, the process of "market" adaptation has to be made easier for the economically underdeveloped federal units, which would include Macedonia, with well-directed federal measures. Certain issues are crucial here, additional capital from other parts of Yugoslavia (I will not speak about methods, since they are well known, at least in the rest of the world), strong measures for financial rescue of enterprises and banks because of the far greater debt. Fourth, measures embodying various ongoing incentives for economic entities from the underdeveloped areas should be incorporated into the instruments of the country's development policy. And finally, the social function should be transferred to the Federation. This is not a call for living at the expense of others. Everyone in this country must live by his own labor.

DANAS: At the time when a political issue is being made of restoration of "Feni," which was like a millstone around the neck of an entire generation of Macedonian politicians, the case of "REK-Bitollj" occurred, which is like a "Feni" for the previous and present Macedonian leadership teams. In both periods of time, agriculture was going downhill, and the textile industry was getting out of breath.... To what extent can the republic's economic position be explained in terms of these points?

Gosev: The "sin" for the present economic situation in Macedonia, as indeed in Yugoslavia, falls on the people who had the decisive influence on construction of the present socioeconomic system. That system, in which economics is not economics, in which everything was staked on the card of "the production relation of socialist self-management," in which the creation of capital was not an important question at all, in which it was not important who was creating and who was spending, inevitably led to an unproductive "heavy" economic structure and a sizable number of "dubious" investment projects. Within the limits of that system, Macedonia made the biggest mistake when it decided to adopt the medium-term plan for the period from 1971 to 1975, when the decisions were actually made to build the large facilities, which gobbled up the lion's share of accumulation not only for that period, but for several to come, but they never yielded what was expected from them. A great deal of capital was invested in Feni, in the Strezevo hydrosystem, in the refinery, and in the Bucim Copper Mine. Later, a great deal was invested in thermal electric power plants in Bitollj, in the Toranica Mine, and certain other similar facilities. We created few jobs, we obtained little profit for the capital invested, and some of them are a big problem even today. The causes of the adverse situation in the republic are broader: they are Yugoslavia-wide (we all have the same system) and they are specifically Macedonian, those which cannot be confined to just one or two plants.

DANAS: The rise in social tension is obvious. Even a summary following visits of working groups to all Macedonian opstinas says that social unrest in Skoplje, Prilep, Kavadarci, and Stip is well known. Do we have a "hot autumn" ahead of us? Can the leadership do anything to prevent that?

Gosev: Last year, it was our judgment that Skoplje, Prilep, Kavadarci, and Kicevo were particularly sensitive communities with respect to the display of social unrest. This year, the number of those sensitive points is greater, and because of the quite appreciable acceleration of inflation and the increasing difficulty in creating new jobs, social tension has increased in general. Everyone in Yugoslavia is anticipating a "hot autumn." We cope much the same way as others. Nowhere in Yugoslavia has the true market-oriented mode of economic activity come about, and an attempt is still made to buy social peace with postponed payments, pressures on banking institutions, "straightening out" the financial situation with bookkeeping, payment of personal incomes which is not adjusted in every case to the real capabilities of every enterprise....

DANAS: The numerous street demonstrations and other subvariants of pressure such as when the unemployed occupy parliamentary buildings and the chambers where legislators sit seem to be proving more effective than the "regular" system.

Gosev: That is actually an extension of the well-known situation in Yugoslavia, of the "functioning" of the two parallel systems: one that is the formal legal system and the other informal system outside the institutions which finds solutions when the workers gather in front of the legislature of a particular city. I cannot say that that kind of settlement of the issue is spreading, but its continuity does exist. I am afraid that this social and political situation can in the end prevent us from "getting away" from that.

DANAS: The question of how successful the Macedonian Government has been is becoming a bit trite. Such lack of success at everything is truly rare. Moves have been made to investigate the accountability of its prime minister, his assistants, members of the council.... Even the periodicals here are writing that they are looking forward to the end of their term. Why has there not begun to be critical talk about a government which obviously enjoys less and less respect?

Gosev: These past several days there have been two initiatives in connection with the accountability and confidence in the republic Executive Council. One came from a basic organization of the LC in the republic Secretariat for Internal Affairs (the question of the accountability of the chairman of the Executive Council), and the other from the Presidium of the Macedonian youth organization. I feel that we must get used to such things as an altogether normal occurrence and should not get particularly upset about it. If the initiatives are within the framework of the legal system and

the Assembly of SR Macedonia, they should be treated as such. I am not one of those who equate such initiatives, which are not exactly rare, with an attack on the system or even on the state.

In the world at large, it is a normal occurrence for governments to resign and be recalled, especially when the situation is not good. That is something we must learn, since the idea of the competitive society or pluralistic society, remains only rhetoric.

DANAS: The debates about the slates of possible candidates for party office which are now being conducted in basic organizations and opstina committees can also be conceived as a further lack of confidence of the grass roots in those who are "in power."

Gosev: Only the final totals will show the amount of support or criticism. It is quite natural when things in society are not going well for the current leadership to be criticized. It is increasingly difficult for the people, changes for the better are not visible, and it is a quite natural reaction for the outlook to be more critical and for people to want to bring about personnel changes in the leadership.

DANAS: Finally, a personal question. You have been nominated for certain high offices even in the past, but you did not stay with it to the end. Now your name is being mentioned for the top party office. What do you intend to do now?

Gosev: I have been nominated for several positions in the Federation as a representative from SR Macedonia. For some of them, I did not even have objective prospects. My orientation has always been and still is to work here in the republic. I am now being nominated for chairman of the Macedonian LC Central Committee. It should be borne in mind that candidates are now being nominated. They have not been confirmed. So I can tell you now: about that when the time comes!

Zagreb Orthodox Church Leader on Interethnic Relations

90EB0041A Belgrade NIN in Serbo-Croatian
8 Oct 89 pp 10-42

[Interview with Jovan Pavlovic, metropolitan of Zagreb and Ljubljana, by Svetislav Spasojevic: "The Truth About a Sin Is Liberating"; date and place not given]

[Text] The fate of Serbs in Croatia and Slovenia is only one of the occasions for Jovan Pavlovic, metropolitan of Zagreb and Ljubljana, to appear in the pages of NIN in these overlong days of unrest, uncertainty, and hope. The leader of Orthodoxy in the two western republics of Yugoslavia is at the same time performing the duties of the head of the Serbian Orthodox Church. Because of the accidental fall of the Serbian patriarch German just 1 day after this year's Saint Vitus' Day celebration in Kosovo, which put him in the hospital, the throne has been taken over temporarily by the senior-ranking and

oldest member of the Holy Archiepiscopal Synod. Those are just two topics for conversation, although in the circumstances surrounding them, as will very quickly become clear to the attentive reader, there are countless others which may even be more important than those we have mentioned.

If it is true, as it has been said, that Yugoslavia's future lies in democratic dialogue, then certainly frank conversations with the principal religions in the country cannot be avoided either. If by some chance the reader realizes with the help of this article that today there is a higher level of tolerance and understanding among the religious communities, above all the Christian communities, in Yugoslavia than between the six, seven, eight, or nine leagues of communists, we should not let that fact confuse him. That observation by Metropolitan Pavlovic is certainly not unfounded, nor is it the impression of an uninformed layman; especially if any of us notices with its help that today Christian reason and humanism have in many respects overcome the socialist aspect within us and around us.

The Indifference of the New Yugoslavia

This article is the result of conversations which took up 4 afternoons last week in the building of the patriarchate in Belgrade. When I finished the interview with the metropolitan concerning some area which had attracted his or my curiosity, he would once again, carefully choosing his words and careful even to the way he spoke them, go back to the stress of the Serbs in Lika, Banija, Kordun, Dalmatia, Slavonia.... The reverend would repeat that they, the Serbs in Croatia, are not Wallachians, Croatian Serbs, eastern Greeks, or, God save us, the Gostarbeiter scattered all over Europe: "We are an inseparable segment of the Serbian people and members of the Serbian Orthodox Church," Metropolitan Jovan said. "Is it possible that anyone could doubt our commitment when we Serbs made such sacrifices to prove it? Yes, Croatia is my homeland, but I am a Serb, and I do not want to denounce either of those blessings or have anyone take them away from me."

Jovan Pavlovic was born in 1936 in the village Mednica near Podravska Slatina, in SR Croatia. After he finished the eighth grade, he came to Rakovica, where he attended the seminary at the secondary level, and then he went to the university-level seminary in Belgrade. When he finished the seminaries, he was first on the scholarship list and he went to Catholic monasteries and Catholic universities in western Europe to continue his studies. One Catholic monastery after another: Maria Lach near Koblenz, Shefton near Lieges; and then he spent one semester at the evangelistic Schleswig-Holstein Academy in Kiel, and then he studied Roman Catholic theology in Munich, at "Ludwig Maximilian" University, where at the same time he heard lectures on byzantology delivered by the famous Professor Beck.... He took orders as a monk in the famous Orthodox monastery on Krk which had been built by Jelena, Tsar Dusan's sister.

So, an exceptionally well-informed student of Christianity, that is, of Orthodoxy, but also of Catholicism, has become the leader of Orthodoxy in that part of the country where Catholicism has the majority among believers.

"I was born in Croatia and I grew up with Croats," Metropolitan Jovan said. "They are a part of my being, and to separate me from them today is to take away a part of me. It is that way with all the Serbs in Croatia. I could not survive if I perceived the arrests and trials of Serbs today as the beginning of war in 1941. It would be damnation. It is terrible that we make comparisons. Conflicts should be resolved in a much wiser and more peaceful manner. It suits some people to inflame passions. We Serbs in Croatia have ties to our villages, our fields, our schools, and our graves. We have the centuries behind us. To pluck a man out of the environment in which he grew up is a great and unforgivable sin. It is expatriation, genocide.... They absolutely refuse to understand our devotion to Yugoslavism. You see, we Serbs are all over Yugoslavia, and we are simply forced to be Yugoslavs."

[NIN] Do you feel like a foreigner in Zagreb?

[Pavlovic] This is not a city in which I am in prison. I like living in Zagreb. This is my city. After all, when I walk the streets of Zagreb in my monk's habit, the children, and often even the older people, greet me saying "Jesus be praised"! I am really not a foreigner in Zagreb.

[NIN] It is becoming clearer and clearer that there is a great fear in Croatia of the Serbian state acting as a patron of the Serbs in the other republics. Does that patronage exist, and is it justified?

[Pavlovic] The issue of patronage is insulting to me as a Serb in Croatia. Are we not adults and able to say what we feel ourselves? If I am afraid that because of this interview with you I will fold up my blanket and go off to prison, then I am not living in a democratic society, which is what we are all calling for so loudly. I have never done anything that would signify treason, but I have been forced to be afraid! I am more disturbed by the fact that political relations have had an adverse effect on economic relations in recent years. We in the church would rejoice if bodies of the state and the party in the republics could reestablish dialogue as we have, regardless of doctrinal differences. If there were in fact grounds for disagreements, we resolve them civilly and democratically.

It is simply shameful what is happening and what people of socialist orientation are saying to one another. Conflicts are arising where common sense never expects them. It is a quite normal thing for a state to be concerned about the fate of its people. How fine it would be if Serbia, since Yugoslavia has not done so, were to halt the genocide in neighboring countries not only of Serbs, but also of Croats, Macedonians, and our other

nationalities. This neglect on the part of the new Yugoslavia will remain a black mark against it.

Who Is Reviving the Tension?

[NIN] Many Serbs in Croatia were arrested after the celebration of the 600th anniversary of the battle of Kosovo in Dalmatia, that is, in Dalmatian Kosovo. If we were to mention only Jova Opacic, we would be unfair to the others. Please comment on those unpleasant events for the readers of NIN.

[Pavlovic] First, about what concerns believers and us in the Serbian Orthodox Church: We stay strictly within the limits of the law on religious communities. We do nothing outside of that. This means that no one should have been arrested. Neither the priests nor the other Serbs who attended those celebrations committed any misdemeanor or crime. I would look upon the entire event a bit differently. It is well known that no assembly is held without government permit. Why, then, were there no representatives of the Croatian state present at those meetings? Why did the chairman of the Presidency of SR Croatia not come and speak in the Dalmatian Kosovo? His presence and his speech would have put a halt to the growing fear of Serbs in Croatia and to their being pushed aside. It would have neutralized the tension, there would not have been any arrests or trials. These things only inflame passions.

[NIN] Are the Serbs in Croatia threatened?

[Pavlovic] All nationalities need the right conditions (and they all have an original right to them—to nurture their own cultural, ethnic, and religious identity. It is ridiculous even to begin a conversation about equality when these basic conditions for achieving it have not been brought about. And one of the things this signifies is that every nationality, and that also means the Serbian nationality in Croatia, must have schools with instruction in its own spoken and written language; where they would study their own tradition, literature, and culture; that they have their own press, and finally, if I may be allowed to say it, their own free church.

I think that in Croatia today Serbs lack many of those things which I have enumerated to a large degree. In saying this, I am comparing the present time with the time after the war when I myself was going to school. At that time, we would do one exercise in Cyrillic and the other in Latin. That is not done today, and it is logical that the Serbs should object to this. It is also illogical for their sensitivity and justified demands to be interpreted maliciously, most often as an outburst of Serbian nationalism. Serbs in Croatia have been literally deprived of many things....

[NIN] What about the large number of people who in the 1981 census in Croatia declared themselves to be Yugoslavs?

[Pavlovic] It is a fact that before that census they belonged to a certain ethnic group. After that, I do not

know what their rights were to language, script, culture, and religion.... I do not know whether they are also covered by our rights, obligations, and freedoms, or whether injustice has also been done toward them. And finally, what about the Muslims? What is their spoken and written language...?

[NIN] Now that you have mentioned the Muslims and you are speaking about good relations between the religious communities, would you also include the Islamic Religious Community?

[Pavlovic] Certainly. My meetings with the muftis in Belgrade, Zagreb, and Ljubljana have been very cordial, but there are those who do not listen to them. Islam is aggressive; even within Islam itself. It is very difficult for me to talk about that, and I hope you will understand me.

[NIN] You are the metropolitan of Zagreb and Ljubljana. That means that you can also offer the most authentic testimony concerning relations between the Serbs and Slovenes. Not just as religious believers, of course. Is there a difference toward the Serbian Orthodox Church between Croatia and Slovenia?

[Pavlovic] There is a difference, and it is a large one. The situation in Slovenia is different from that in Croatia. The archbishop of Ljubljana, Mr Sustar, and then Pogadnik and others, deserve most of the credit for the good relations. He is a man with European education and culture. In our relations, ecumenicalism has been given its greatest practical content. Our churches in Celje and Maribor were demolished during World War II. Today, we only have the church in Ljubljana and the chapels in Bojanci and Marindol, both in Bela Krajina. Yes, we also have the Russian chapel in Vrsic. Two chapels were destroyed in Slovenia after the war: on Bled, that is, on an island in the lake, almost right alongside Vidikovac, there was the King's Chapel, and in Rogaska Slatina the chapel of the Holy Apostles Peter and Paul.

There is an understanding for our troubles in Slovenia, and so they turned over their own Catholic churches to us in Novo Mesto, Kranj, Nova Gorica, Kopar, and Celje. In Maribor, the Protestants gave us their church. They also let us have the chapel in Javorec. They use those churches once a year, but we use them whenever we want. This is wonderful Christian cooperation. What is more, Slovenia appropriates 50 percent of its budget for the social security of our priests who are working on the territory of this republic.

I have the impression that groups of alternativists are expressing hostility because of the political confrontations. We encounter a good relation within religious circles and clerical circles. This gives me hope that the present misunderstandings between Belgrade and Ljubljana will in the end be smoothed out quickly and easily.

Despised Serbs

[NIN] In the present political situation, when relations between Belgrade and Zagreb are rather delicate, those Serbs who occupy important positions in the party and government of SR Croatia have a strange role. What kind of reputation do Dusan Dragosavac, Milutin Baltic, Stanko Stojcevic, and Marko Lolic enjoy with the Serbs in Croatia and indeed with the Croats...?

[Pavlovic] It is believed, and it is a fact, that these are people put into high position without being elected by the people. They do not represent the Serbian people, since a different system of selection is necessary for those credentials. They are the same as the Serbs in power in Kosmet whom the Albanian separatists and nationalists placed at a certain level of power depending on their obedience. You have mentioned certain names, but you skipped many others, among them Dusko Brkic, who after the war was at the head of the government in Croatia with Bakaric. It is a frequent phenomenon that individuals from the minority community behave in an inferior way. They are ready to further their careers working against the interests of their own people. In the end, when these people do the tasks for which they have been appointed, they are despised both by their own people and by the people whom they serve.

[NIN] It seems to me that the churches, and I am not referring here only to the Serbian Orthodox Church, but the other faiths as well, have also taken up ethnic divisions and are even the leaders in that respect....

[Pavlovic] You are right about that. We have things the wrong way about today, since we have given preference to the nationality rather than to Christianity and Orthodoxy. It is true that in some places even we in the church have given in to that. But how can I be indifferent to the fact of what is happening to the Serbs in Kosmet or in Croatia? The Orthodox Church, for example, ought not to make a difference between Russians, Greeks, or Serbs. For me, Orthodoxy is primary, not the nationality.

Everything that is happening is a kind of attempt to draw the church into political life or to put responsibility on the shoulders of the church. The debate in the Croatian Assembly over language is the best example of that. As a church, we have been drawn into the public debate about the constitutional amendments, but this yielded no results at all. We have regularly communicated all the problems we face—I will not enumerate them, since there are too many—to the present president of the Croatian Assembly, but also to the present chairman of the FEC when he held office in the republic. None of that has come to anything more than courtesy, nice manners, fine promises, and nothing more. Why should it be a curse for a Serb to be born in Croatia and a blessing for others?

Second-Class Citizens

[NIN] Are the present troubles between Croatia and Serbia, above all in political relations, driving the Serbs in Croatia to think about moving out, or are some of them already moving?

[Pavlovic] The last thing I would want to do as a human being is to pour oil on the fire that is already raging. Fleeing from the truth, when people talk about the relations between Serbs and Croats in their joint state of Croatia, is one of the most frequently practiced ways of inflaming ethnic passions. As a boy in my village, I saw the peasants being converted, the Orthodox Church turned into a Catholic Church, I saw it demolished, people fleeing to Serbia.... Even today, people speak in whispers about moving out. We are second-class citizens in our own homeland.

[NIN] How much truth is there in the assertion that the state in Croatia is doing more to help the Orthodox Church than it does for the Catholic Church?

[Pavlovic] That assertion is without substance. This is the question that I would put to all those who say that: How much property of the Serbian Orthodox Church did that state confiscate, and did it ever give a single dinar in war reparations? We can count on the fingers of one hand the Orthodox churches that were rebuilt after the war. The Catholic churches rebuilt are beyond count. There is probably no need for me to tell you which churches suffered during the war.

[NIN] Let us go back to ecumenical activity, above all on the part of the Serbian Orthodox Church. Does it not seem to you that that movement is leaving a much deeper imprint elsewhere in the world than is the case in Yugoslavia?

[Pavlovic] Even here in Yugoslavia we are attempting to do what is being done in the World Federation of Churches. It is a fact that in Croatia we cannot boast about ecumenical life. Cooperation between the Serbian Orthodox Church and the Roman Catholic Church in Croatia, by contrast with Slovenia, has not been on an enviable level. There are burdens between us which we inherited from the war. If the churches are to establish peace with one another and if both nationalities are to have more trust in each other, something has to happen similar to what Willy Brandt did quite a few years ago in Warsaw. At that time, he knelt down at the grave of the innocent victims of fascism and expressed remorse in the name of his people. Something like that would have to happen in Croatia. In the fall of 1984, in agreement with the Holy Archiepiscopal Synod, I attempted to organize something like that. I invited to the sanctification of the church in Jasenovac His Eminence Cardinal Kuharic. He did not come, and thus an ideal opportunity was missed once and for all for bringing the two churches closer together and, still more important, bringing the two nationalities closer together.

[NIN] You once said in an interview with the Zagreb newspaper OKO: "The truth will make us free."

[Pavlovic] Yes. A man frees himself of a sin if he acknowledges it publicly. If someone has committed a crime, he bears responsibility for it. Those who did not take part in the crime against the Serbs become responsible if they identify with the ideology of the criminal if in what they do and the way they live they support it and thus revive it. We want only to revive democratic principles, for everyone to nurture his own identity, his own language, culture, script, and literature. If they deny us that, and it is a fact that the present constitutional formulation concerning the language does prevent us from doing that, then that is nothing other than assimilation. There is no way I can agree with the assertion that the Croatian literary language is at the same time the literary language of the Serbs; Serbo-Croatian—yes. Croats have their own historical charters printed in the Cyrillic script, yet today they are doing everything to prevent us Serbs from using that script! Everything has simply been taken to the point of absurdity.

[Box, p 42]

The Autocephalous Status of the Macedonian Church

[NIN] The autocephalous status of the Macedonian Orthodox Church has aroused many debates in the Orthodox world. I once spoke about this with His Holiness Patriarch German. He told me that it was an "open wound." What do you think about this very delicate issue?

[Pavlovic] In answering that question of yours, I will first say what I think about the formulation that the church has been separated from the state. The church has indeed been separated from the state, but there is some question of whether the state has been separated from the church. What has happened or is still happening today concerning the autocephalous status of the Macedonian Orthodox Church precisely gives us the right to say that the state is interfering quite a bit in the affairs of the church. The Macedonian Church, with the help of the state, has arbitrarily proclaimed its own autocephalous status. And it thus excommunicated itself, since it violated the canonic law that prevails in Orthodoxy, so that no one any longer communicates with it officially. Today, only the Vatican recognizes it, by contrast with all the Orthodox churches.

After the war, the Serbian Orthodox Church acknowledged all the reasons for development of the Macedonian church and state. We gave them autonomy, but within the framework of the Serbian Patriarchate. This year we also attempted in a communication to ask them to return to their autonomy in order to reestablish canonic status. They are a part of the Serbian Patriarchate, since in Macedonia there are Serbian churches and monasteries built by Serbian rulers.

A desire of the Serbian Orthodox Church is for the believer in Macedonia not to leave the canonic unity of

Orthodox churches, regardless of nationality. After all, I would recall the fact that in Catholicism everything is subordinate to the pope, his power is inviolable. In Protestantism, from Luther down to the present day, everyone is like a pope. We in the Orthodox Church have a democracy which inclines toward anarchy.

And finally, the Ohrid Archiepiscopate was a part of the Greek Church and was subordinate to the Patriarch

of Istanbul. Saint Sava did not insist on the autocephalous status of the Serbian Orthodox Church in Ohrid, but in Nicosia, since he was quite familiar with the procedure in church law. It would not occur to any reasonable man to assert that the present church in Macedonia is the successor of the Ohrid Archiepiscopate, since the Macedonians are Slavs, and the Ohrid Archiepiscopate belonged to the Greek Orthodox Church.

BULGARIA

Industrial Production Statistics Show Increase Over 1988's

90EB0076A Sofia IKONOMICHESKI ZHIVOT in Bulgarian 16 Aug 89 p 4

[Commentary by Dimitur Fratev]

[Text] The balance of the implementation of the plan in July indicated a number of positive results. First was the substantial increase in labor productivity. This largely compensated for the drop in employment and ensured the overall increase in commodity industrial output and the net output in the sector.

We attained the highest monthly growth rate of output since the beginning of this year. Compared with last July, output increased by 6.4 percent. The highest share in the accelerated growth rates was that of companies and economic organizations of the Elektronika and Tezhko Mashinostroene Associations. The plans for basic volume and quality indicators were overfulfilled, including for most basic industrial commodities for which there were state orders and a state plan.

Along with achievements, the study indicates some repeated weaknesses in the work of the companies as well as nonfulfillment of some plan assignments.

In terms of commodity industrial output, for example, 102 state companies and other economic organizations failed to fulfill their plan for the first 7 months of the year. There has been a lagging in the production of a number of important items. The 7-month plan was not fulfilled for 81 of them, or for about one-third of the items listed in the state plan. This includes items which determine the basic material balances of the country, such as rolled ferrous metals, items made of rolled ferrous metals, polypropylene, plastics, cement, bricks and, in the case of computers, disk subsystems, canned vegetables, nonalcoholic beverages, cheese, and others.

The reports also show the unrhythmical implementation of the annual state plan; in the case of 64 items, or more

than one-quarter of the total, by the end of July the implementation was under 50 percent.

We are concerned by the fact that in the case of 100 items for which there are state orders and a state plan, output has declined compared to the same period of last year. They include grade rolled metals, items made of rolled ferrous metals, steel sheets, tractors, plastics, polyethylene, polypropylene, flooring made of PVC, paper, cement, rice, cheese, butter, heating radiators, nitrogen fertilizers, bricks, and others.

Difficulties in the production of commodities in terms of physical items and value largely continue to be the result of nonfulfilled contractual obligations in cooperated and material-technical procurements. Nearly 40 percent of the nonfulfilled cooperation contracts may be traced to the following companies: Zavodi za Metalorezheshiti Mashini, Balkankar, Madara, and Khidravluka.

Yet another aspect becomes apparent from the study of development of industry in July. Compared to the same period of last year, many companies and some associations ended with an overexpenditure of materials per 100 leva of output. As a result of this, their decline during the month, for industry as a whole, was only 0.3 percent, as compared to 1.8 percent for the half year. Material overruns for the first 7 months are reported by 52 companies and other economic organizations in industry, including Bitova Elektronika, Radomir-Metal, Metaloleene, Fitingi, Agrobiokhim, Kremikovtsi, Stomana, Perun, and Vikhren.

Implementation of the Plan for Industry for January-July 1989

Between January and July commodity industrial output totaled 30.119 billion leva, or 3.3 percent above the corresponding period in 1988.

Commodities reaching the domestic market, locally produced, for the January-July period, totaled 9.565 billion leva or an increase of 12.0 percent compared to the same period of last year.

Public labor productivity for the first 7 months increased, compared to the same period of last year by 11.8 percent. Material expenditures (excluding amortization) per 100 leva output dropped compared to the first 7 months of last year by 1.7 percent.

Produced Industrial Commodities and Commodities Received by Association

Association	Commodity Industrial Output		Commodities Received for the Domestic Market, From Domestic Production	
	Report January-July	Pace Achieved, January-July 1989:1988	Report January-July	Pace Achieved, January-July 1989:1988
	Million Leva	Percent	Million Leva	Percent
Electronics	3495	109.6	210	139.4
Biotechnological and chemical industry	5105	104.1	1322	116.2
Transportation, agricultural, and construction equipment	2379	104.2	183	123.0

Produced Industrial Commodities and Commodities Received by Association (Continued)

Association	Commodity Industrial Output		Commodities Received for the Domestic Market, From Domestic Production	
	Report January-July	Pace Achieved, January-July 1989:1988	Report January-July	Pace Achieved, January-July 1989:1988
Heavy-machine building	1427	101.0	214	112.9
Metallurgy and mineral raw materials	2257	99.8	152	114.2
National agro-industrial union	6311	102.2	3726	110.9
Forest economy and forest industry	805	100.6	139	109.4
Construction and construction industry	934	93.5	147	103.6
Industry for man	3193	104.1	1805	111.9
Power industry	1746	100.8	40	107.3

Commodity Industrial Output by Oblast and Commodity Shipments to the Internal Market From Local Production

Oblast	Commodity Industrial Output		Commodities Received for the Domestic Market, From Domestic Production	
	Report January-July	Pace Achieved, January-July 1989:1988	Report January-July	Pace Achieved, January-July 1989:1988
	Million Leva	Percent	Million Leva	Percent
Sofia City	3751	105.0	1502	113.6
Burgas	3629	102.5	872	109.7
Varna	2838	104.2	936	109.2
Lovech	4031	104.3	1380	115.2
Mikhaylovgrad	1948	103.1	581	111.0
Plovdiv	3878	103.6	1435	110.9
Razgrad	2662	102.4	823	111.4
Sofia	3286	105.1	1159	124.3
Khaskovo	3194	99.2	787	101.5

Production of Basic Items Characterized by the Following Data

	Produced Between January-July 1989	Pace January-July 1989 in Percent of January-July 1988
Electric power (million kilowatt-hours)	25,537	99.1
Coal, treated production (thousand tons)	19,525	97.6
Briquets from lignite coal (thousand tons)	841	100.5
Metallurgical cast iron (thousand tons)	875	99.0
Rolled ferrous metals (thousand tons)	1826	92.8
Metallurgical coke (thousand tons)	826	115.8
Cross-point automated telephone exchanges (thousand lines)	72	97.4
Color television sets (thousands)	73	191.2
Industrial soda ash (thousand tons)	670	102.8
Chemical fertilizers, 100 percent nutritive substance (thousand tons)	659	106.2
Polyvinyl chloride (thousand tons)	19	105.5
Paper (thousand tons)	230	98.4
Porcelain tiles (million)	181	95.7

Production of Basic Items Characterized by the Following Data (Continued)

	Produced Between January-July 1989	Pace January-July 1989 in Per-cent of January-July 1988
Furniture (million leva)	351	107.2
Cotton and cotton-type fabrics (million meters)	212	101.0
Woolen and woolen-type fabrics (million meters)	22	100.8
Clothing (million leva)	557	110.2
Knitted upper clothing (million pieces)	36	106.3
Knitted underwear (million pieces)	45	99.3
Shoes, excluding slippers (million pairs)	16	109.9
Meat (thousand tons)	337	105.1
Meat products (thousand tons)	81	106.3
Fish caught (thousand tons)	59	82.1
Butter (thousand tons)	14	90.1
Sugar goods (thousand tons)	69	101.1
Cooked and semicooked food products (thousand tons)	54	114.2

Source: Central Statistical Administration

Statistics Relating to Role of Workers in Economy

90EB0025A Sofia OTECHESTVEN FRONT in Bulgarian 8 Sep 89 p 6

[Article by Romyana Bratovanova: "The Truth About the Main Hero—The Worker"]

[Text] I, at least, do not have to look for this person too far, for one of them lives in the apartment next to mine. Every morning, at 5:30, I can check my watch against him when I hear him go to work. In the evening I can see him tinkering with a well-cared Moskvich from the generation before last, shuttling between the cellar and the kitchen, where he is canning food for the winter. He works in one of our household electronic appliances plants. He is disciplined, orderly, and restrained. He has a good family, grown-up children, and one grandchild. His wife is also a worker and also works shifts. Their house shines with cleanliness and they spend their free days taking care of it. That is as far as I know, and I shall not delve into the possible details concerning his job, for I do not wish to concentrate on a specific individual or a specific job.

Who is the worker of today? He is a person who sells his labor. In a certain sense, however, all of us are the same, whether we work in trade, science, medicine, or management. Well, the worker makes something, he creates goods. He creates them not with his bare hands but with the help of a machine. He is not alone but is a member of a group—a brigade, collective, enterprise. In frequent cases he was born in a village. He went through the changes of the enthusiasm which "pours the foundations" of the new society; he is tired of slogans and appeals addressed to him. He has voted for a director and brigade leader and himself sets his labor participation coefficient, for a number of years now. At present he has somewhat lost his enthusiasm for self-management

but listens to what he is being told about the companies. They would make him a stockholder. "Let us see," he thinks, for he has heard and experienced a number of changes in our economy, while his life remains unchanged: it is whatever he earns that he can take home. He is zealous when there is a reason for it; he is mistrustful but cheerful. He can engage in politics and criticize. He is neither an angel nor a teetotaler and is well aware of where his interests are. By nature he is a combination of the pure industriousness of Bone Kraynenetsa and the smart practicalism of Andreshko, who are his real ancestors.

But let us forget literature and look at the statistical figures of the latest census (1985).

As Manpower: Possibilities and Trends

There are 3,668,000 people employed in material production. Compared to the situation 45 years ago, we must acknowledge that in the past the working class resembled a weak yet sharp youngster, still carrying his homespun little bag across his shoulder, whereas today we are looking at a mature man at the peak of his labor possibilities. He may be a primary or secondary school graduate, with a low and slowly increasing skill. Aware of the demographic processes of recent decades, we are not surprised by the fact that new fresh forces are not all that numerous: the share of the population in the active-age group is gradually declining. This process will reach its peak by 1990-92, when people now employed will account for no more than 55-54 percent; this means a drop of 54,000 people in 20 years (conversely, the share of people employed in the nonproduction area has increased from 12.8 percent in 1965 to 21.7 percent and by the end of 1985 they numbered 1,047,000, which is an absolute increase of 472,000 people in 20 years!).

That is why all these people—the nonworking population (children and the elderly) and those employed in the nonproduction area depend on his hands as a worker. He must feed, clothe, build, install, and procure material goods for all of us. Will he have enough strength to do so? Or, in other words, will he have the necessary skills and health to do this?

Actually, one could try to help him and some experiments, with a fluctuating success, have already been made. Is this not the reason for the restructuring? We have known for quite some time that the 266,000 employees and managers are somewhat too many for our country. They account for 25 percent of all those who are not employed in the material area (scientists, physicians, teachers) and their increase in 20 years by 126,000 people, or 90 percent, should indeed not only be opposed but we should also seek ways leading in the opposite direction. The expectation is that the organization of companies will accomplish this....

Forty-five years ago the Bulgarian worker obtained what mattered most: work, education, health care, and insurance.... Today, once again, it is a time of truths which are not always cheerful. Today's problems facing the contemporary worker are once again related to jobs, education, and health care. One of the sociological surveys conducted during the census dealt with "changes, problems, and plans of the individual." They indicated that 30 percent of the workers have problems related to their jobs. The greatest discontent is that with the salary (recently Resolution No 140 of the Council of Ministers and the Central Council of Bulgarian Trade Unions came out, which allows companies to increase wages depending on goods produced and marketed on the basis of the new rates). Many are those who are seeking a more suitable job and would like to change their profession or else master another skill and improve their own. However, will the organization of companies be able to cure the old disease: the conditions and nature of the work in production? According to official data, 47.6 percent are engaged in manual labor and 10.9 percent are doing physical, hard, and unattractive work. Equally concerning is the truth about skills: 23.1 percent of the workers have low skills and there are sectors in which their share is frighteningly high, particularly in agriculture and the extracting industry, where it is 81 percent; it is 76 percent in the coal extraction and 52 percent in nonferrous metallurgy. One of the explainable paradoxes is that the most dissatisfied with their skills are young people, although their educational census is the best (most of them are with secondary school training). This paradox, however, is a manifestation of the natural qualitatively new job requirements which face the working person.

As a Class: Problems of Power

I am stepping here into a sensitive and complex subject which cannot be explained either in terms of figures of

the number of workers who are people's representatives or members of people's councils, or else promises concerning the future.

As to the benefits, by no means have they concentrated in the hands of the workers. Although wages are increasing rapidly and are significantly higher than the national average, the figures show that the way of life of the worker is more modest than that of employees. Workers have significant difficulties in procuring housing and live under worse conditions although they have more children in the family. Private cars owned by employees exceed those of the workers by one-half; a similar situation prevails with color television sets; there are even greater differences in the number of washing machines, VCRs, and so on. Conversely, in more frequent cases the workers own a cottage and a house in the country.

Have you met a worker such as Kol'o? The one I am discussing is a shipbuilder. He uses a huge instrument to cut metal for ships. He likes to criticize, he regularly disturbs meetings (no one listens to him any longer); he has been expelled from the party and reaccepted; he has what is known in essays as "hands of gold." He has also made his own "contribution" to historical materialism: he considers the fact that in our country plants are not managed by workers a retreat from Marxism. Invariably, every year comes a day when the brigade leaders come to him and say: "Kol'o, when are you going to the emergency one?" They are referring to a part for an engine, which came late from the casting shop, because the blueprints were late as a result of late signing of contracts, and so on. "I shall not do it," briefly answered the worker. Now is the turn of the shop chief. Kol'o does not even talk to him. The next to come is the deputy director in charge of production matters. Kol'o will hear him out, although frowning. He is told of the deadline and refuses: "Do you want me to work night and day...." He lets others try to persuade him and then suggests: "I can do it, but you give me 20 days' leave and 300 leva in cash." "Why don't you say so, man, instead of worrying us?"

It is thus that Kol'o has achieved his "dictatorship of the proletariat." No one denies his interests but then he needs his paid leave in order to spray his vineyard so that later, he can take a drink with his friends and criticize "errors of growth." The scientists say that an alienation has taken place from the labor object and expect that it will disappear in the future, when the worker becomes a working "coowner." That is as may be....

While Kol'o is sipping his wine and criticizing his superiors, let me remind you of the character of another worker and his brigade, which is the first trade-construction legally and economically independent company in the country. It was precisely a building worker who outstripped the decisions of the management and proved in practice, in Strazhitsa, how to eliminate alienation from labor and how to formulate and implement economic policy. He eliminated the command-administrative hat which is on the head of his class. If

this is not the exercise of power, than what is? I claim that Ignat Radenkov is not an isolated case: he is the true, semiforgotten yet real face of the working Bulgarian person.

HUNGARY

Record of Foreign Investment Center's 1st 6 Months

25000493B Budapest FIGYELO in Hungarian
5 Oct 89 p 9

[Interview with Judit Gergely, managing director of Investcenter, and Miklos Virag, counselor, by Robert Becsky: "Investment Counseling: 'It's Like Marriage Brokering'"; date and place not given]

[Text] Early this year, under Ministry of Commerce auspices, the Kopint-Datorg Prosperity Market Research and Informatics Institute established an office called "Investcenter" to stimulate foreign investment. Managing Director Judit Gergely and Counselor Miklos Virag presented Investcenter's first 6-month record.

[FIGYELO] The scope of your enterprise activities is rather broad. Functions range from information provision to assistance in bringing about partnerships. Which of these functions do you regard as most important?

[Gergely] Not too long ago we prepared our medium-range plan of action. In it we established three goals. First, to explore new sources of capital for the modernization of enterprises, to provide funds for the partial purchasing of companies and large enterprises, and to bring together the starting capital needed for the establishment of individual or jointly owned small or medium-sized enterprises. Second, to invite foreign enterprises to Hungary, to show the advantages offered by Hungary, and to find advantageous partners from the standpoint of exports. Third, to present Hungarian investment opportunities by establishing a comprehensive computerized data base.

[FIGYELO] Foreign investment needs vary greatly; they are tied to given market segments. How can you satisfy the different needs?

[Virag] We have nine experts altogether, and each works with one of the main branches. Our present "difficulties" stem from the fact that based on the new law on business organizations a virtual siege to establish mixed nationality joint enterprises has evolved.

[Gergely] To illustrate this, I can say that 326 mixed nationality joint enterprises were formed during the first 6 months of the year. Not all were established as a result of our efforts of course, but you may understand our volume if you consider that between 4 and 5 business deals are struck out of each 100 inquiries, and that the international average is also similar. We receive an average of 20 inquirers per day. Half of these are

Hungarians, the other half foreigners, and twice as many inquiries are received through the mail or by telephone.

[FIGYELO] And what do they want to find out?

[Virag] They are particularly interested in the details of economic regulation and the effect of laws, because those are different in every country. In other words, we must be familiar not only with Hungarian customs, but also with those in force in the country of the inquirer, to enable us to underscore the advantages offered by Hungary. This, of course, also entails the fact that we must be able to place ourselves in the situation of both Hungarian and foreign businessmen, starting with development based on market demand all the way to the efficiency of capital return.

[Gergely] Let me inject here that at present about 6,500 investment regions throughout the world compete for imported operating capital. Competition is extremely keen. In addition to advantages provided through regulatory means, the infrastructure, the work culture, and market opportunities also weigh heavily.

[Virag] Accordingly, we must compare the suggestions of foreign and Hungarian entrepreneurs—who wants to give or receive what. This is like marriage brokering, mutual familiarity and the mutual liking of partners is the condition for success.

[FIGYELO] And how long does it take to consummate a marriage?

[Gergely] A year and a half, from the conceptual point to realization, according to international experience. This also depends on the size of capital invested of course; the time span is shorter with regard to smaller and more simple business transactions.

[FIGYELO] What advantages can we offer, considering the competition and the relatively narrow market that presents a demand?

[Gergely] Just within industry, the role of the subcontractor and the establishment of a background industry are all export oriented, and therefore they offer opportunities which ensure a favorable foreign exchange balance. In many instances Hungarian intellectual capacity and manufacturing experience attract foreign capital. But the hope of reaching the CEMA market also plays a role.

[Virag] A foreign hosiery manufacturer, for instance, wants to establish a joint enterprise because the wage ratio is high in the textile industry. But considering the lower wages in Hungary and the tax benefits, it would be more advantageous to manufacture hosiery in Hungary. A number of possible comparative advantages exist.

[FIGYELO] You must have gained some experience in the course of 6 months. How much capital is flowing where and in what proportions is capital invested?

[Gergely] I would like to correct a misunderstanding first. According to a widespread belief, foreigners endeavor to achieve majority control, because that ensures the enforcement of the management's will. Our experience does not support this belief. A larger number of clients who appear specifically in this office would not like to have a higher than 51 percent share of the business. During the first 6 months of 1989 foreign capital amounted to 46.2 percent of the total founding capital invested. During 1988 foreign capital represented only 41.3 percent in the 120 mixed nationality industrial joint enterprises.

[Virag] This approach relates to two things. A larger share also means a larger investment. A cautious approach is understandable in the context of investments involving new risks. And the fact that a larger share held by the Hungarian party increases the Hungarian partner's interest in making the business a success is not a negligible factor either. But a foreign firm does not even need to hold a majority of the stock or own more than 50 percent of the business in order to enforce its will in management.

It is sufficient to stipulate this matter as part of the corporate agreement. An investor may insist on full foreign management even if the foreign capital share is in the minority.

[FIGYELO] Rumors are that the situation is unchanged. International monopolies are not standing in line for investment opportunities in Hungary.

[Virag] This is true, but this fact does not render a qualitative judgment about the action program to attract capital. Some frequently heard views according to which developed engineering know-how may be obtained only from large enterprises are not true. Many small and medium-sized firms possess the most highly developed engineering know-how and technology. It is yet another matter that large enterprises endeavor to purchase these small and medium-sized firms.

[Gergely] In my view the problem rests much more with the fact that, as compared to the earlier level that was not too high either, the amount of capital investment per joint enterprise has decreased. In viewing the record of the past 3 years, in 1987 60 new mixed nationality enterprises were formed in Hungary with an investment of 3.8 billion forints. The figures for 1988 are 59 enterprises and 6.3 billion forints. During the first 6 months of 1989, 326 firms were established with 4.2 billion forints in capital. Accordingly, the average capital investment per mixed nationality enterprise was 64.5 million forints in 1987, 106.9 million forints in 1988, and 13 million forints during the first half of 1989.

[FIGYELO] As long as we are talking statistics ... primarily financial circles expressed concern about the fact that discontinuing the licensing process relative to foreign capital shares of less than 50 percent may lead to a deterioration in the balance of payments. That is, in the event that the investments are channeled to branches

which produce mostly for the domestic market, there will be no actual exports to offset the foreign exchange transferred from Hungary.

[Gergely] This fear is not completely unfounded if we view only the statistical data. During the first half of 1989, 32.2 percent of the investment was channeled to commerce, 10.9 percent funded services, and this is more than was invested in industry (39.4 percent). In comparative terms, between 1974 and 1988, 2.3 percent of the total capital was invested in commerce, while 54.5 percent represented industrial investments.

[Virag] Along these lines, it has been said quite frequently that the foreign exchange balance of mixed nationality enterprises established earlier was also negative. But I wonder whether statistical data reflecting direct imports show indirect effects, such as the effect of mixed nationality enterprises on internal economic environment.

[Gergely] For this reason I find it extremely important that, consistent with international practice, we lure foreign capital into branches and areas which may play a decisive role in the improvement of the Hungarian economy. By providing a detailed chart of investment opportunities, our office plays a new, different, and more complete role than existed before.

[FIGYELO] We have talked about the drastic decline of the per enterprise foreign capital investment. Would this not be related to the uncertainties of the Hungarian economic and political situation?

[Gergely] Doubtless, that situation also plays a role in this. But this year cannot be compared to the previous period, because completely different opportunities opened up for the importation of operating capital as a result of the law on business organizations. On the other hand, it is also true that a stable economic and political environment is extremely important from the standpoint of capital investment. To this extent the small amounts indeed reflect certain reservation, a wait and see attitude.

[Virag] The size of investment also relates to the time element involved in capital return. From the standpoint of foreign capital, a business is considered to be good if the money is recovered within a 3 to 5 year period. Chances for such return are better with regard to smaller investments, of course. On the other hand, it is difficult to make calculations for periods longer than 10 years. Substantial engineering and technological changes may take place in a 10-year period.

[FIGYELO] In earlier days, the given system of import management has emerged frequently as an obstacle which adversely influenced the influx of new capital to already functioning mixed nationality enterprises.

[Gergely] By now the importation of productive equipment is largely liberalized. Next year the importation of base materials will be liberalized. We are able to present

this list to our clients. It is much rather the difference in outlook that creates concern. Consistent with the shortage economy, Hungarian enterprises have developed a practice to store raw materials and base materials, while in the capitalist world finished products are being stored for delivery according to customer needs.

[Virag] With the rapid increase of mixed nationality enterprises, a new problem is arising in the form of an inability on the part of Hungarian enterprises to obtain business credit under competitive market conditions. Considering the accelerated pace of inflation, this may present a serious obstacle because an investor requires credit according to the usual conditions of doing business. But who would be able to show profits in excess of 20 percent?

[FIGYELO] And finally, by what criteria can an investment counseling firm measure its success, considering the fact that competition is also increasing. Just the other day Unicenter, a new firm to stimulate investments, was formed.

[Gergely] The fundamental criterion is the number of business transactions consummated, of course. But the depth and the professional character of advice often require specialized professional activity. The more specific the information we provide, the more likely it is that we will consummate a business transaction.

[Virag] Obviously, no one is pleased about having competition, but foreign examples prove that consulting firms specializing in certain economic activities can function successfully. This kind of division of labor may evolve within the rapidly increasing number of consulting firms in Hungary. We publish in Hungary and abroad the opportunities for joint enterprises on the basis of broadly based international experience. We make our calculations concerning joint enterprise management and development opportunities on the basis of the international market, market demand, and value judgments. We present not only Hungarian legal considerations and rules, but also the legal environment of foreigners and the guarantees they require.

**Number of Mixed Nationality Joint Enterprises and Volume of Capital Investment—1972 to 30 June 1989
(in Current Values)**

Year	New Establishments	Total Number of Mixed Nationality Joint Enterprises	Basic Capital (millions of forints)	
			New Establishments	Total
1974	2	2	92.2	92.2
1975	1	3	26.0	118.2
1979	1	4	1,161.4	1,279.6
1980	1	5	155.3	1,434.9
1981	1	6	125.6	1,560.5
1982	5	11	254.7	1,815.2
1983	10	21	311.7	2,126.9
1984	11	32	1,298.4	3,425.3
1985	11	43	1,308.5	4,773.8
1986	17	60	1,902.5	6,636.3
1987	60	120	3,868.5	10,504.8
1988	59	179	6,308.1	16,812.0
1989 Jan-Jun	326	505	4,253.7	21,066.6

(247 enterprises in the process of registration)

Note: Basic capital is the amount of founding capital registered by the Court of Registry.

Source: Investcenter analysis based on Court of Registry records

Agricultural Trade Barriers With Common Market Relaxed

25000496B Budapest NEPSZAVA in Hungarian
7 Oct 89 p 13

[Article by "L. V.": "The Common Market and Hungarian Agricultural Trade: Mutual Relaxation of Trade Barriers"]

[Text] A delegation headed by Rolf Mohler, the agricultural affairs deputy director of the Committee of European Communities, met with representatives of the Ministries of Agricultural and Food [MEM], and Commerce. The Hungarian negotiating team was chaired by MEM Deputy Minister Jeno Rednagel. A press conference was called immediately following the completion of work Friday afternoon [6 October].

Hungary and the Common Market will mutually facilitate agricultural trade by lowering barriers that impede trade. From a practical standpoint the reduction of customs duties and skimming benefits were the subjects of discussion, according to Rednagel.

"We dealt with products of which Hungary ships substantial quantities to the Common Market, but in regard to which Hungary is at a disadvantage because of skimming."

In exchange for making it easier for Hungary to market its products in the Common Market, Hungary will provide customs advantages for the importation of oranges, lemons, feed premix, pectin, and natural instestines.

"They promised an early examination of general preferences that could be granted for Hungarian agricultural production and trade—the same preferences received by developing countries. They will also examine the matter of whether Hungary would be able to export special quality cattle to the Common Market. As a result of such exports our disadvantage which results from skimming would be eliminated as compared to Austria, Yugoslavia, and Switzerland. We also requested favorable treatment with regard to the skimming of pork exports and some additional products such as slaughtered rabbits, sheep, and various kinds of cheese.

It is anticipated that beginning on 1 January 1990 Hungary will enjoy the same bilateral preferences that prevail with regard to Poland. The skimming preference was also discussed with regard to some additional products, such as various kinds of salami, goose liver, and horseradish.

Mohler said that preferential treatment cannot be granted to a single country. It is expected that as of January 1990 the Common Market will extend the so-called GSP system to Hungary and Poland. The GSP constitutes general customs duty preferences. Products listed under the GSP enjoy more favorable customs duty treatment than the most favorable benefits. For the time being, this list includes mainly the products of developing countries, such as coffee, cocoa, and tropical fruits, but it also includes honey, dried beans, peas, and quite a few fresh and processed fruits, important from the Hungarian standpoint. These include sour cherries, apricots, and watermelon. A possibility exists that the GSP list will be reviewed and expanded in response to requests received by individual countries.

Mohler also reported that Common Market countries faced some sensitive problems in the past. Large inventories of agricultural products accumulated, costs increased, farmers' incomes declined, and therefore imports had to be restricted. The proposal concerning general preferences was generally recognized by the leading bodies of the Common Market.

Tengiz-Jamburg Investment Project Update

High-Cost Project Said Economical

25000506 Budapest FIGYELO in Hungarian
19 Oct 89 pp 1, 4

[Article by Arpad Hajnocy: "Tengiz-Jamburg: The Second Round"]

[Text] The agreement between Hungary and the Soviet Union for the exploration of the Tengiz-Jamburg oil field is a "gassy" one, in many senses of that term. The conditions of the Jamburg agreement are disadvantageous from the Hungarian standpoint, and this is particularly true with regard to the construction assembly work already performed, and to be performed at Tengiz. Here, each ruble costs us 168 forints and 53 filler [Hungarian pennies] on the average. And presumably, even at this price it's worth it....

As projected, i.e. according to those who drafted the agreement, the cost of a ruble would have been even higher: 173 forints. And hardly anyone could be consoled by the idea that we have "exceeded the norm." This is so not only because in practice we have forgotten about these kinds of ceremonious reflexes, we hope, but also because we are dealing with quite a large sum of money. Thus far the Jamburg investment has cost us 32 billion forints, and in the next 2 years an additional burden on the state budget amounting to between 25 and 26 billion forints is expected. We should add to these figures the interest accrued on credit refinancing.

In essence, based on the interstate agreement, Hungary provides a low interest rate loan of 758 billion transferable rubles to the Soviet Union. This loan would be repaid by the Soviet Union in the form of natural gas deliveries—37 billion cubic meters in all. In other words, the Soviet Union pays in the form of gas for large scale construction work, merchandise deliveries, and the transfer of convertible foreign exchange. (See table!) The Soviet Union made its first installment payment on the loan this year, following the inauguration of the Jamburg gas pipeline. It delivered 0.5 billion cubic meters of gas. Next year's deliveries call for 1 billion cubic meters, 1.5 billion cubic meters in 1991, and 2 billion cubic meters each year thereafter, beginning in 1992. Once the loan is paid off, Hungary holds a 10-year option for the delivery of 2 billion cubic meters of natural gas per year. (This option is expressed somewhat vaguely in the agreement. This is what the agreement provides: "Natural gas deliveries from the Soviet Union to the Hungarian People's Republic will continue for another 10 years, provided that merchandise shipments from the Hungarian People's Republic to the Soviet Union for the corresponding period of time are reconciled in the course of state plan coordination activities." Some people believe that this translates into 2 billion cubic meters of natural gas per year only in the government's interpretation, nevertheless in response to our inquiry, authoritative sources said that in the peculiar language of CEMA agreements it

means exactly what it is supposed to mean, and only the price and composition of the offsetting shipments are subject to negotiations.)

So that we may clearly understand the significance of the volume of natural gas, let us glance at this year's natural gas balance. The total volume of Soviet imports, including the already mentioned payment on the loan, amounts to 6 billion cubic meters. Of this, 1.6 billion cubic meters are being delivered pursuant to the Orenburg agreement, 0.7 billion cubic meters on the basis of an interstate agreement, and 2 billion cubic meters in the framework of a meat/wheat/natural gas barter exchange. One should add to this the current 6.5 billion cubic meters of domestic natural gas production. By the mid-1990's this volume will have certainly declined to 4 billion cubic meters. In other words, one could say that the expensive natural gas purchased as a result of our participation in the Jamburg investments will only offset the decline in domestic production. And this volume of natural gas is indispensable, if for no other reason than that according to the new energy policy concept the electrical energy system should be expanded by building power plant blocks fueled by gas turbines until the millennium.

And just what is and what is not expensive is a relative matter. In response to increased interest expressed by the public and by Parliament, the deputy prime minister last summer submitted an informational report to the industry committee of Parliament. Much is explained in this report.

Prior to consummating the agreement, the National Planning Office used a long-term energy consumption balance as its basis. (One that becomes highly questionable in light of the new energy policy concept. But oddly enough, this means that we will need even more natural gas than what the experts thought we would need.) By comparing various sources of energy and energy resources, experts reached the conclusion that there was a need for natural gas from Jamburg. In the framework of their efficiency calculations, they compared the procurement cost of gas with the procurement cost of crude oil if paid for in dollars. The latter was considered to be an alternative.

The related cost, including interest payments for the entire term of the agreement, amounted to 106.4 billion forints, while the same cost plus interest relative to crude oil would have amounted to 165.2 billion forints. On this basis, in 1985 the Council of Ministers agreed that although the Jamburg cooperative venture is costly, there was no cheaper, realistic, and secure alternative for the long-term expansion of domestic energy resources.

The background to this agreement includes the fact that in the early 1980's the Soviet Union notified all of its CEMA partners that it would be able to maintain and expand long-term energy deliveries only if the partner countries contributed by investing in energy resource production. CEMA countries accepted this proposal,

and this certainly served as a disadvantageous precedent for Hungary. Aside from the fact that the interest charged on this loan amounts to a mere 4 percentage points, settlements are made on the basis of the so-called Varna pricing principles, based on an agreement reached in the 1960's. These pricing principles apply to integrated establishments accepted by CEMA, which jointly serve the member countries. Accordingly, this means that the countries involved account for wages at levels prevailing in the country that receives the investment, and not at rates applied in commercial transactions. At the same time, materials and structures delivered are to be paid for on the basis of the Bucharest pricing principles, as is customary in other mercantile trade.

The energy market has changed substantially since the early 1980's. A new efficiency analysis was performed in 1987, focusing primarily on the meat/wheat/natural gas barter constellation subject to dollar-based settlement. The result: Considering all the price prognoses, under any other alternative the discounted total cost of natural gas would be higher than the total cost of the Jamburg cooperative investment. Accordingly, as stated in the report to Parliament's industry committee, the Jamburg natural gas cooperative production and delivery investment arrangement is economical, despite the unusually high costs paid by Hungary.

Only one thing could change this situation at the moment: a change in the method of balance of payments settlement in Hungarian-Soviet trade, i.e., if we were to adopt the system of dollar-based settlement. (See interview below with Deputy Industry Minister Peter Reiniger on this subject.) Such a change would not render the investment project more economical. On the contrary, in the absence of a yardstick by which construction assembly work could be assessed at world market prices, the present stipulations of the investment agreement would no longer make sense. That is, energy needs could be purchased for free foreign exchange. The greatest mistake the government—or more accurately, those who prepared the agreement—made in 1985 was that they did not think of the possibility that the transferable ruble could go out of existence by the year 2009. Estimates indicate that if we were to change to dollar-based settlement beginning in 1991, the Jamburg cooperation would produce a loss of a total of \$1 billion, and this amount would increase to several tens of billions of dollars as years go by, in the form of a burden to the Hungarian account.

All these efficiency calculations are based on the consideration that Hungary could import natural gas only from the Soviet Union, of course. There are no established pipelines or compressor stations between Hungary and the Netherlands, Norway, or Algeria, and no Western European plans call for such construction.

Let us return to the Hungarian obligations relative to Tengiz. The building activity involves the construction and assembly of two technological establishments, each suitable for the processing of 3 million tons of crude oil,

and for the primary refining of raw crude oil produced by the Tengiz oil fields. Raw crude oil produced at Tengiz is mixed with natural gas and water, and is heavily polluted with sulfur. The first such plant is complete, the second round is to follow hereafter.

Using hindsight, several individuals suggested that Hungarian participation in the construction of a possible long distance power transmission line, instead of the construction assembly of a crude oil processing plant, would have substantially improved the rather unfavorable investment efficiency index, insofar as the cost of foreign exchange production is concerned. This argument is countered by statements to the effect that only one industrial base has to be constructed under the present arrangement, while a power transmission line would necessarily involve changing terrain. Therefore, the total cost of constructing a transmission line would have been higher.

Merchandise deliveries required under the agreement are detailed in an appendix to the agreement. Also in this regard settlement is to be made on the basis of the Bucharest pricing principles. Among other items, in addition to geotextiles, the list includes Ikarus buses, UHF radio stations, and other technological equipment. Part of the goods imported to Hungary subject to reexportation to the Soviet Union and to be settled in convertible currencies are defined in kind. This appeared to be advantageous because certain competitive advantages could be taken advantage of with regard

to the purchase of large diameter pipes, for example. Such pipes cannot be obtained at all within CEMA. Taking advantage of such opportunities has reduced procurement costs thus far. But meanwhile the steel industry boom has arrived, and this could not have been foreseen in 1985.

It appears likely that the total value of the construction assembly activity will not reach the 260-million-transferable-ruble level, as stipulated in the agreement. If this is the case, it would be beneficial to use the remaining amount for purposes of additional merchandise deliveries, because these transactions would certainly produce a more favorable ruble efficiency index.

And finally, regardless of the vantage point from which we evaluate this agreement, the lending arrangement is not economical from Hungary's standpoint under any circumstances. That is, significant deviations in interest rates tend to increase the price of natural gas. In the event that the unrealistically low 4-percent interest rate on these loans would be increased to the internationally accepted level of 8 percent, the amount of natural gas to be delivered as payment on the loan would increase by 0.5 billion cubic meters. And this means that risky prices, risky interest rates, and of course risks inherent in changes in the system of settlement, cast doubt over the success of the Jamburg venture. And all this can be explained only in part by the insufficient functional mechanism of CEMA.

Most Important Data Concerning Jamburg Cooperative Investment as of the End of 1988

Main Items in Governmental Agreement	Forint projection—billions of forints	1986-88 Performance			Forint/Transferable Ruble Efficiency Index	
		Millions of transferable rubles	Millions of dollars	Billions of forints	Projected	Actual
Construction and assembly of two technological plants and auxiliary structures in Tengiz, valued at 260 million transferable rubles	45.0	107.4	—	18.1	173.0	168.53
Reexportation of imports paid for in convertible currencies	12.2	71.9	—	5.1	65.0	70.93
Including:						
225,000 tons of large diameter steel pipes	—	—	47.63	—	—	—
Reexportation of 77 million transferable rubles worth of construction machinery and insulating materials	—	—	47.68	—	—	—
Transfer of convertible foreign exchange	—	—	10.85	—	—	—
Shipment of Hungarian goods on the basis of a reconciled nomenclature, valued at 309 million transferable rubles	8.6	195.5	—	5.0	28.0	25.58
Totals	65.9	374.8	106.16	28.2	86.9	75.24

Hungarian Commitments Based on the Original Agreement (in millions of transferable rubles)

	Total
Construction and assembly work between 1986 and 1990	260.0
Hungarian merchandise deliveries between 1986 and 1990:	
Terfil geotextiles, 100 million square meters	165.0
Other goods	144.0
Imported materials:	
225,000 tons of large diameter steel pipes	97.0*
Various machinery and insulating materials	77.0
Foreign exchange transfer	15.0
Total	758.0

* Note: The 97 million transferable rubles represent a value in effect in 1985. Hungary committed itself in the agreement to deliver to the Soviet Union 225,000 tons of large diameter steel pipe available in capitalist markets, irrespective of the value of that quantity.

Slim Chance To Renegotiate

25000506 Budapest FIGYELO in Hungarian
19 Oct 89 p 4

[Interview with Peter Reiniger, deputy minister of industry, by Arpad Hajnoczy: "What if the Method of Settlement Changes?"; date and place not given]

[Text] It appears that Hungarian involvement in the Jamburg venture would change only if the system of settlements changes. Peter Reiniger, deputy minister of industry, responded to our questions.

[FIGYELO] In questioning the efficacy of the Jamburg investment, several persons suggested that we should abandon the project. Would it be possible for Hungary to cancel the Jamburg agreement?

[Reiniger] It would be a mistake to cancel the agreement, even though at present the investment places a very large burden on the economy. It would create problems in the Hungarian energy system which could not be mitigated. The 2 billion cubic meters of natural gas that can be obtained in the framework of the Jamburg agreement are definitely needed in order to establish secure energy supplies in Hungary. Domestic natural gas production will decline during the first half of the 1990's; at the same time consumption will increase by about 0.5 billion cubic meters by 1995, according to our calculations. At the same time, the planned installation of gas turbine powered electric power plants will require an additional 1 billion cubic meters of natural gas.

Add to all this the fact that an infrastructure for the transportation and receiving of Soviet gas has been established.

[FIGYELO] And what if the settlement system changes?

[Reiniger] As of today, it would be extremely difficult to judge that situation. In the event that the settlement system is changed, the conditions will change too. From

an economic standpoint it would be appropriate to reassess, for example, the work performed thus far as well as the merchandise delivered on the basis of world market prices, and do the same relative to the imported natural gas. It is also conceivable that the settlement system will be changed gradually, in which case the question may arise of how long the Jamburg agreement should operate on the basis of rubles. An economic assessment is also incredibly complicated from other points of view—to prepare a 20-year forecast for oil (and natural gas) price levels, for loan interest rates, for inflation. These matters involve rather great uncertainties.

In any event, the National Assembly's Industry Committee requires us to do everything possible to achieve improved conditions in the agreement.

[FIGYELO] In other words, that we continue with the investment and try to change the conditions of the original agreement?

[Reiniger] This is in our fundamental interest, because the original agreement contains a number of conditions that are unfavorable from the Hungarian standpoint. Our related dilemma is generally characteristic of international agreements: By reason and by right, openness demands information because the investment represents a great burden on the state budget; at the same time, however, we must watch that all this openness does not deteriorate our negotiating position.

One should also be aware of the fact that with a 7.5-percent participation Hungary's share is the smallest among all countries that are participating in the Jamburg investment. This means that we are not the ones to fundamentally determine the conditions.

[FIGYELO] But still, what kinds of changes would be necessary?

[Reiniger] One of the most debated aspects of the agreement is the application of the so-called Varna pricing principle to the Hungarian work performed in Tengiz. According to this pricing principle they recognize construction and assembly rates which prevail in the Soviet Union only, and for this reason the ruble/forint efficiency index is a multiple of the official commercial rate. At the same time I will also emphasize that this principle is not primarily a Hungarian-Soviet issue. It is a CEMA issue instead, and for this reason we may pin much more hope to step-by-step improvements in the CEMA system of settlements than to renegotiating this aspect of the agreement.

The other important element is the low 4 percent interest rate on credits granted. This low interest rate is not to be compared to interest rates charged in the inflationary Hungarian economy, but to the average interest rate of between 7 and 8 percentage points charged internationally on the dollar. This also shows that the inflationary losses cannot be mitigated, despite the greatest hopes.

[FIGYELO] Have the contents of the agreement signed in 1985 changed at all?

[Reiniger] As compared to the basic structure of the agreement, we may regard the fact that we succeeded in changing part of the on-site assembly activities into merchandise deliveries as a change in the agreement. Such deliveries have a much more favorable ruble/forint efficiency index. The opportunities available to Vegyepszer are seemingly far more restricted due to the interstate agreement, nevertheless its role with regard to details is very important. For example, they discovered certain expenses which the Soviet client pays to Soviet enterprises, but thus far has not paid to us. Supplemental funds provided for living separately from one's family is one such item. Negotiations among enterprises to obtain payments for additional work performed and for other items are going on at the moment.

[FIGYELO] As main contractor, Vegyepszer assigned one-third of the construction assembly work to its own construction division. Could it be that as a result of this arrangement the people's economy interest becomes secondary to the enterprise interest, and thus creates a greater burden on the economy?

[Reiniger] The State Financial Control Office [APEH] exercises continuous and strict control at Vegyepszer's Tengiz site. One recent report proves that it would be inconceivable for the main contractor "to get rich" on state funds. And the Hungarian business card that was placed on the table in Tengiz is extremely positive. The organization and quality of work performed are excellent.

[FIGYELO] What's next?

[Reiniger] The main Hungarian contractor has not yet finalized private contracts concerning phase two of the assembly work, and not even the documentation is complete. One thing is certain: No more money needs to be spent on infrastructure, the living quarters are complete, and this will not constitute an additional expense. Also for this reason it would be good for us to commit ourselves to the performance of more valuable work. And once the second round is over, this question will arise: Should we sell the living quarters we have established there, or should we perhaps continue to participate in construction work as subcontractors to the Tengiz-Polimer Western-Soviet consortium.

New Norwegian Business Ventures Encouraged

90EN0086A Oslo AFTENPOSTEN in Norwegian
25 Oct 89 p 24

[Article by Sigrid Elsrud: "Norway Investing Anew in Hungary"]

[Text] "Hungary is an exciting market for Norwegian firms," said the public relations director of the Norwegian Export Council, Einar Sorensen. "And Norway Day

in Budapest, 14 November, is becoming of more current interest than anyone had suspected in advance."

Political events of recent days brought Norway's planned exporting success in Hungary into reality. Monday the Communist People's Republic was abolished. The country which is now called the Republic of Hungary is, in this situation, a very interesting target for Western importers.

On 14 November Norwegian firms will be in place in Budapest ready to sell themselves. Then Norway Day will be launched. Arrangements have been planned for a long time, and the Norwegian Export Council is well satisfied with the response. Fifteen firms have joined up, and among them are several major representatives of Norwegian business. Norsk Hydro, EB Nera, EB Norsk Kabel, Borregaard Industries Limited, and Ullstein International are among the participants.

Last year we imported goods worth 119 million kroner from Hungary. Norway's exports to that country amounted last year to 81 million kroner, and so far this year the exports have been growing. In the first half of this year Norwegian goods worth 40 million kroner were exported to Hungary. That is an increase of 20 percent over the first half of last year.

Energy Policy Proposal Released for Public Debate

25000514 Budapest FIGYELO in Hungarian
19, 26 Oct 89

[Excerpt from official report: "Investment Saving Energy Policy"; first paragraph is FIGYELO introduction]

[19 Oct p 6]

[Text] Seven alternatives have been prepared in the course of 3 months. From among these we publish an excerpt of the policy statement to be presented by the minister of industry to the government. In contrast to previous practice, the ministry formulated its viewpoint in the course of broadly based professional debate. We present the resulting proposal to interested persons in two installments, for further debate.

The planning stage of energy policymaking assumes particular significance these days. This is because the long range forecast upon which future economic policy is predicated must be prepared in an economic environment which holds a higher degree of uncertainties than before, and is characterized by transformation and change.

Unlike before, in formulating an economic policy concept significant attention must be paid to the scope and direction of economic development. Uncertain factors that emerge in the framework of long-term energy needs must be analyzed.

The following policy concept pertains to the period ending with the millennium, and reviews the following:

- The past development of energetics;
- The anticipated path on which energy demand will evolve;
- Opportunities available for the establishment of needed energy resources to satisfy the demand, and an analysis of various alternatives for electrical power plant construction;
- The anticipated economic environment of energetics;
- The ecological conditions for the development of energetics;
- Research and development tasks related to the energy policy concept; and, finally,
- A summary of the most important tasks with regard to the development of energetics.

For 3 decades energetics has satisfied the energy needs of the material branches and of the individual/communal sphere without disruption. Significant investment resources were committed to accomplish this, however. At the same time our dependence on imports has increased. Certain investment projects which lacked appropriate foundations from the standpoint of economic efficiency were also implemented in response to social policy considerations and pressure exerted by special interests (e.g. the ecocene program.) As a result of the government program, and due to a more moderate level of economic development, the incremental rate of energy demand has declined significantly beginning in the early 1980's, but thus far the economic structure has not changed, and therefore energy efficiency has not increased at the desired rate.

The present energy policy must take into consideration an economic environment in which capital resources are limited. This fact establishes limitations on energy investment projects. Notwithstanding such limitations, there remains a requirement for secure energy supplies to satisfy the demand. For this reason, reducing the energy intensity of the economy (the quantity of energy consumed per unit of national product), and reducing the incremental rate of electrical energy demand becomes a fundamental economic policy goal.

Consequently the energy demand—including the demand for electrical energy—by the material branches must not increase. If structural transformation comes about as a result of market constraints, productive activities may be developed only within existing, or lower than present levels of energy consumption. Estimates regarding the factors which determine the energy demand of the productive sphere contain a rather large number of uncertainties, nevertheless.

Peak Reductions

The long-term energy needs of the economy may be estimated only in broad terms. At the same time we may state with near certainty that the rate by which the energy demand of the economy increases will not exceed the incremental rate of the 1980's prior to the millennium. Moreover, the rate of increase is expected to fall short of the incremental rate experienced during the 1980's. Thus, for example, the increase in demand for electrical energy on the part of the individual/communal sector will drop to between 2.5 and 3 percentage points during the 1990's, as compared to the 6-percent increase experienced during the past 10 years. Within the material branches the same increase will decline from 2.59 percent to between 1.2 and 1.4 percent.

Thus, one may count on an annual increase of between 1.5 and 2 percent in electrical energy consumption. Since we are not counting on a significant increase in the direct use of fossil fuels, it is possible to estimate that domestic energy consumption will increase by between 0.6 and 0.8 percent annually.

The energy efficiency of the Hungarian economy (units of energy required to produce the gross domestic product) improved by 30 percent between 1971 and 1987. Despite this fact, our backwardness is significant as compared to developed capitalist countries. A smaller proportion of the energy efficiency differential is constituted by inferior, per unit energy consumption in industrial and energy technology processes. The significant difference is caused by the low net income content of products whose production requires the use of energy. To bring about change in this regard, and to improve energy efficiency as a result of such change, is the fundamental task of economic policy. Accordingly, the main avenue by which energy efficiency can be increased is economic structural transformation. Nevertheless, energy policy must also consider the need for thrifty energy management and the streamlining of processes.

The reduction of peak time demand is of outstanding importance from the standpoint of saving energy. Along with this, taking advantage of local, smaller capacity electrical energy production opportunities may also present economical energy sources. This would reduce the investment burden related to the power plant construction program.

Another important area in which energy use could be streamlined is the user "infrastructure," (background industry, apparatuses, modern insulating materials and structures, etc.). Investments made thus far in this field may result in 29 petajoules per year savings.

Economic Means

The streamlining of energy consumption and increased energy efficiency demands appropriate tools. From among these, economic measures play a pivotal role in a growing market economy. These are:

sources and resources, and must stimulate energy management based on accomplishments. Producer prices must be brought in line with world market prices, and subsidies still included in energy prices must be discontinued gradually.

- A fiscal policy which stimulates thrift and streamlining—e.g., through tax benefits—will increase energy consumption efficiency.
- Establishing a self-financing capability in the energy sector should be an established goal. The management of these organizations should be changed so as to motivate the development of resources at the lowest possible expense, and in a thrifty manner. From an economic standpoint, opportunities to expand resources at the local level through the application of appropriate rate policies would be part of this system.
- The enforcement of energy saving policies necessitates the provision of a consistent advantage, to result from the implementation of such policy. The existing energy savings potential cannot be achieved by fiscal sanctions only, and without personal interest on the part of business organizations.

Energy resources must be expanded from 1,420 petajoules in 1990 to about 1,560 petajoules by the year 2000. Within these figures, domestic resources will be reduced from 570 to 605 petajoules, while the need for imported energy sources will increase from 730 petajoules to between 920 and 970 petajoules. (The annual import increment amounts to the value increment of between 5 and 6 million tons of crude oil.)

A large part of our energy imports have thus far been acquired from the Soviet Union, by way of established transportation systems. The existing transport capacity will satisfy our import requirements for about 10 to 15 years.

We should also endeavor to diversify imports. For this reason a new, long-distance electrical power transmission line is being built in the direction of Western Europe (Austria). We must also become part of the East-West natural gas pipeline. The Adriatic crude oil pipeline must be rendered suitable for the importation of a significant volume of crude oil, in case present Soviet-Yugoslav transit shipments are discontinued.

Coal Mining

The exploration of domestic coal resources is determined by efficiency and market criteria. This was described in the TGB [Economic Planning Committee] resolution which established cost limitations on coal production. These limitations are based on the acquisition cost of substitute imported energy resources. At 1988 price levels, these costs were established at 100 forints per gigajoule with regard to power plant coal, and at 160 forints per gigajoule for coal used by the populace.

economic factors.

Seven deep exploration coal mines have been shut down during the past 2 years. Three of these were closed in 1988. Thirty-four deep exploration mines are operating in 1989. These are expected to produce 15.5 million tons of coal, and 5.5 million tons of lignite by way of surface mining. From this volume, power plants being reconstructed will receive 137 petajoules (15.5 million tons), of which 37 petajoules (5.5 million tons) will be in the form of lignite, and 100 petajoules (10 million tons) in the form of black and brown coal. Transformation of the coal mining production structure continues. In 1989 and 1990 an additional six deep exploration mines will discontinue production. Between 1991 and the year 2000 production at another eight deep exploration mines will cease, primarily because coal resources will have been exhausted. A significant element of structural transformation is the increase of efficiently mined lignite deliveries to between 8 and 9 million tons to the reconstructed Gagarin Thermal Power Plant.

Discontinued deep exploration capacities, and declining coal production, may be partially offset by the opening of the 1-million-ton-per-year capacity Dubicsany Mining Plant, and/or the 2-million-ton annual capacity Ajka II mining plant, as well as by a few additional investments related to the replacement of coal (e.g. Markushegy II, III, Alagutmezo, etc.). International experts are examining the economic feasibility of these projects. Paralleling this, a program for coal mining is being developed in conjunction with the World Bank.

If the World Bank so decides on the basis of the international examination, deep exploration coal production will yield an annual volume of between 11 and 12 million tons of coal until the millennium. The combined total coal/lignite production volume would amount to between 19 and 21 million tons annually. The amount of coal to be delivered to power plants based on a lower level of coal production—not counting new openings of coal mines and investment projects to replace coal—would drop to 125 petajoules by 1995, and to 105 petajoules by the year 2000. These are borderline figures. This then would require furnace modifications in the renewed power plants fueled by black or brown coal, or the establishment of new hydrocarbon fueled capacities, as well as the importation of the needed fuel supply (coal and/or hydrocarbon). These added expenses must be taken into consideration when judging the efficiency of domestic coal production. In this case the volume of coal and briquette available to the population would drop to 4 million and 3.5 million tons respectively, provided that 1.0 to 1.2 million tons of briquette base material is imported.

Using the higher production alternative, one finds that the basic need of coal fueled power plants (126 petajoules per year) could be satisfied until the millennium. An annual volume of between 4.5 and 5 million tons of

coal and briquette could be sold to the population, along with the importation of about 0.8 million tons of briquette base material. This alternative is consistent with market demand, even if one considers a decline in deep exploration coal production.

Two point seven million tons of coal and briquette will be imported in 1990. Of this volume 0.67 million tons constitute briquette secured by the interstate agreement, while about 2 million tons represents coal to be sold to the populace.

[26 Oct p 6]

[Text] Domestic hydrocarbon production reached its peak in 1985. Future production will be reduced, even with the use of efficient secondary and tertiary exploration processes. Crude oil production will drop from the present 1.8-million-ton level to 1.75 million tons in 1995, and to 1.5 million tons by the millennium. Natural gas production will decline from the present 6.1 billion cubic meters to 5.5 billion cubic meters in 1995, and to 4 billion cubic meters by the year 2000.

The necessary level of crude oil processing, and with that the level of crude oil imports, is basically defined by demand for fuels and for chemical industry raw materials. According to present calculations, an annual volume of between 10 and 11 million tons of crude oil will have to be processed annually by the year 2000, as compared to the present level of between 8.5 and 9 million tons.

The long-distance crude oil pipeline (Baratsag [Friendship] II, and the Adriatic pipeline) as well as existing primary crude oil processing capacities enable the flexible, rapid satisfaction of energy needs on the basis of procurement from both the Soviet Union and the West.

The natural gas system is undergoing dynamic development. Eleven point one billion cubic meters of natural gas were consumed in 1985. The expected consumption level for 1990 is between 12.5 and 13 billion cubic meters, and between 16 and 17 billion cubic meters in the year 2000. Along with a growing demand by the populace, natural gas consumption by the electrical energy industry is also on the increase. The gas turbine power plant development program calls for in excess of 4 billion cubic meters of natural gas consumption by the late 1990's, as compared to the present 2.5-billion-cubic-meter power plant consumption. Geological features limit the construction of underground gas tanks, and construction of this kind is highly capital intensive. In the absence of peak capacities, gas turbines should be fueled by diesel fuel during winter time.

Reduced domestic natural gas production, and an increased demand for energy by both the populace and power plants jointly necessitate a dynamic increase in imports. The present annual level of 6 billion cubic meters of imported natural gas must be increased to between 8.5 and 9.6 billion cubic meters by 1995, and to between 11 and 12.5 billion cubic meters by the year

2000. Of this volume 5.5 billion cubic meters will be provided jointly under the present clearing trade agreement if this system remains in effect after 1991, the Orenburg agreement and the Jamburg agreement. Thus, by the year 2000 we will have to purchase an additional 5.5 to 7 billion cubic meters of natural gas. After 1995, crude oil and natural gas imports under the clearing trade system (for the years 1991 through 1995) will have to be secured in the framework of plan coordination negotiations.

Electrical Energy

Due to the above considerations, the increase in demand for electrical energy—the factor which determines the extent to which power plants must be built—may be planned only in terms of levels. Based on our studies, 1.5 percent per year of the power demand constitutes the lowest incremental threshold prior to the millennium. In arriving at this figure we considered the effects of already planned measures for power reduction. The expected economic environment of the next decade which necessitates tight investment policies exerts a fundamental influence on how the lower threshold value is estimated.

The lowest threshold figure for added demand for electrical power at the millennium is estimated between 900 and 1,050 megawatts. Having made this estimate, two alternative ways to satisfy demand may be examined.

(a) The first alternative stipulates that the Bos-Nagymaros barrage and the related plant will be built as originally planned. The resultant capacity will be 450 megawatts, leaving a capacity of between 450 and 600 megawatts to be produced.

(b) The second alternative is based on the possibility that the Nagymaros barrage is not completed, and as a result the Bos barrage would not be able to perform at peak capacity. In this case the Bos-Nagymaros power plant would produce only 150 megawatts of power, leaving between 750 and 900 megawatts to be produced elsewhere.

The unsatisfied demand could be basically satisfied through gas turbine heat providing capacities, a nuclear power plant, and a 1,200-megawatt, lignite based thermal power plant in the Bukk region. It follows from this evaluation, and primarily from the restrictive investment policy, that prior to the millennium it would be most appropriate to gradually construct combined cycle gas turbine blocks.

The construction of a nuclear power plant, and/or of a lignite based coal fueled power plant, fits into the program only after constructing the gas turbine blocks. According to the analyses, the establishment of thermal power combined cycle gas turbine units linked to the reconstruction of power plants is more economical up to a 700-megawatt capacity than the construction of basic power plants. We must consciously accept certain related risks, however. These are as follows:

- The manner in which demand for electrical energy evolves. To a significant extent this depends on economic development.
- At present, electrical energy imports from the Soviet Union amount to 1,850 megawatts. Of this capacity only 1,100 megawatts are based on long-term agreements; 750 megawatts are to be secured in the course of plan coordination negotiations every 5 years. A significant electrical shortage is likely to occur in the Soviet Union during the coming decade, primarily in the Western regions. One can detect Soviet endeavors to reduce their electrical energy exports to Hungary already in this year.
- Combined cycle power plant blocks will increase hydrocarbon imports, and this will increase the import dependence of the electrical energy system.
- Developmental opportunities that may be expected in the field of coal mining will not secure the quantity of coal needed by the Hungarian Electrical Works Trust, even for peak demand periods. In this case additional capacity based on other fuels must be secured during the second half of the 1990's.

Due to these risk factors some additional capacities, over and above the indicated demand, may be needed. Such added capacities cannot be provided with reasonably acceptable risks on the basis of hydrocarbon based gas turbines. Energy policymakers and the electrical energy industry must establish and implement an action program as well as a development program which makes better use of existing capacities on the one hand, and is more flexible in adapting to changes in demand, on the other. Thus the electrical energy industry will be able to bridge a transitional period laden with risks, in a manner so as to at least disturb or restrict the power consumption demand presented by the productive sphere and by the populace. In order to reduce the risks involved in the supply of electricity, solutions which strengthen our ties with the Western electrical energy system must be found. One such solution is the 550-megawatt transmission capacity direct current junction between the Austrian and the Hungarian electrical energy systems now under construction. In the event that construction of the Nagymaros barrage is permanently stopped, we must deliver 1.2 billion kilowatt hours of electrical energy to Austria each year, for 20 years beginning in 1996. The 550-megawatt direct current adapter does not represent a permanently committed technical possibility for the importation of electrical power, one which replaces the need for a power plant. This unit was built to establish technical conditions for electrical energy deliveries to Austria, and will provide only auxiliary electrical energy supplies for Hungary on occasion, in lieu of convertible foreign exchange.

Negotiations for the construction of power plants in Hungary by using Western capital must also continue. Parts of these power plants would provide long-term electrical energy supplies for Western countries. (For

example: VVER [water-moderated water-cooled] nuclear power plant blocks, Candu type nuclear power plant blocks, Gramotón-KWU-Siemens.)

Renewable Energy Sources

Our considerations for the satisfaction of energy demands count on the gradually increasing use of renewable energy sources (sun, wind, geothermia, biomass). As a result one may realistically count on reducing the use of domestic and imported fossil energy resources by a few percentage points within 10 years. One may count on these energy sources primarily in terms of possible supplements, suitable for the satisfaction of local demand. Renewable energy sources are gentle to the environment. A larger part of these appear in significant quantities as byproducts of various food grains, corn, etc.

The future, primary role of energetics is not the formulation of energy policies. Energetics is a function of economic policy, and particularly of industrial policy instead. Accordingly, the reduction of energy demand must be accomplished primarily in the production of material goods, through the general means of economic development, and not primarily in the energy management sphere.

With regard to the future pricing system applicable to energy resources, we should establish a requirement by which producer and consumer prices follow world market prices on the basis of a unified principle (so that prices do not represent either a preference or a lack of preference to users even in the long term). Under such conditions the self-financing capability of energy production and provision should be a fundamental consideration.

Paralleling the discontinuation of budgetary subsidies, the government committed itself to raising the retail price of energy resources to producer (world market) price levels within 5 years. This measure may have a fundamental influence on changing the direction and structure in which consumption by the populace increases.

Environmental Protection

Ongoing activities in energetics (from exploration to ultimate use) exert diverse economic, social, health, ecological, etc. effects on the environment. These effects constitute significant factors in society, and necessitate a renewed evaluation of the relationship between energetics and environmental protection. All types of pollution which create environmental concern emerge in the framework of energetics. These problems must be weighed, but must be dealt with in a complex manner. Resolution of these problems is conceivable through the application of supplemental investments in environmental protection (passive environmental protection), or by applying technology that is friendly to the ecology in the course of constructing new facilities (active environmental protection).

The main purpose of Hungarian environmental protection processes is to reduce air pollution created by the energy industry. International commitments also demand such action.

In addition to air pollution, the effects of waste that damage and destroy the environment are receiving increasing attention. Particular consideration must be given to the avoidance of soil and water pollution, and well as to the protection of scenic beauty. The following is a list of the important tasks related to the already accumulated, and growing waste produced by the energy industry:

- Stronger action for the utilization of slag and ash created by coal fueled power plants. Only part of this problem has been resolved for the time being;
- Technological modernization for the handling, transportation, and storage of sludge created by power plants;
- Resolution of the problem of cultivating filled sludge areas;
- Helping to make a technological choice regarding the removal of sulfur from gas fumes.

Considering the fact that in the future energy consumption efficiency, rather than the expansion of energy sources will be the centerpiece of energy policy; related R&D activities must also be expanded.

POLAND

Energy Consumer Defaults Seen To Fuel Inflation

90EP0111A West Berlin DIE TAGESZEITUNG in German 17 Oct 89 p 9

[Article by Klaus Bachmann, Warsaw: "Energy Breakdown Threatens Poland This Winter"]

[Text] On 4 October, the Warsaw electric power authority issued an ultimatum to the Polfa pharmaceutical plant in Tarchomin. Starting at 0700 on 9 October, the ultimatum said, the plant's power supply would be shut off. The news spread through the Polish press like wildfire: Polfa is the principal manufacturer of antibiotics in Poland which are in such short supply in Warsaw pharmacies that people spend days trying to find them. Meanwhile, 9 October has come and gone and production of penicillin still goes on. The finance ministry stepped in to solve the problem.

This incident is typical for the situation in which the Polish economy finds itself as a result of inflation. In effect, Polfa's power was going to be shut down because the pharmaceutical company failed to pay its electric bill on time. The reason why Polfa did not do so was that administrative fines are less expensive than bank loans in these days of rampant inflation. Many industrial plants therefore use debts due them as cheap credit and simply do not honor their own obligations. According to

Finance Minister Balcerowicz, this way of doing business eats up hundreds of billions of zlotys. "The industries have worked out a system of extending credit to each other," he says.

The unintentional result of all this is more inflation because the debts that are not honored are used for other purposes, thus adding to the money already in circulation. The finance ministry is affected just like everyone else. The state-owned alcohol distilleries, for example, owe about 200 billion zlotys (\$500 million) to the internal revenue service. Since the debtors are all state-owned companies, they are not faced with bankruptcy proceedings based on nonpayment of their obligations. On the one hand, Poland's bankruptcy laws are extremely lenient in the case of the state-owned industries and on the other hand, the industries themselves are not really unable but simply unwilling to pay their debts. And the debts keep mounting. The amount owed by industry to the electric power authority has climbed to 4.5 billion zlotys. Among those defaulting on their payments are well-known plants and institutions such as the Warszawa iron and steel works, the FSO automobile company and the Warsaw municipal government. Which is why the head of the Warsaw power authority has warned all debtors that he will shut off their power supply in the future.

All this is happening at a time when the Polish people have little to cheer about anyway. The central power plant administration has just announced that this year's shortfall in the country's coal production will amount to 1.5 million tons; the reason being that the mines are being worked on Saturdays on a voluntary basis only. This change in the labor contract system was pushed through by Solidarity on the negotiating table. What is more, there will be three additional work holidays this fall.

In addition, the Soviet Union will not supply the projected 800-1,000 megawatts of power to Poland—not only because the Soviet Union is having its own problems in the coal production sector but also because CEMA regulations call for reciprocal accounting and Poland is behind in its supply of consumer goods to the Soviet market. Poland is already importing electricity during the peak evening hours from Czechoslovakia. The only consolation for the Polish man in the street is that industry will be affected first in case of an electric power shortage. But according to reports power is shut off for an hour in some parts of the Polish capital even now.

The Central Planning Office has come up with a study which contains an almost comforting forecast, however. It claims there is no reason to worry about a breakdown of the economy or a deterioration of living conditions this winter. But the study concludes that this will be true only if "there is a mild winter." In case temperatures drop below minus 15 degrees centigrade, the energy shortfall might increase to 2,500 megawatts. The result would be "large-scale power shutdowns." Cold weather periods with temperatures of minus 30 degrees lasting

for weeks are by no means unusual in Poland. Minister Osiatynski, the head of the Planning Office, therefore calls for establishing an emergency reserve of heating oil worth \$17 million. In the spacious, well-heated offices of the central administrations these statements sometimes sound like an academic lecture; but there is a deadly serious aspect to them. Harsh winters usually claim victims in Poland, especially among old people who die in their apartments from malnutrition and cold but also among younger people trying to make up for the lack of gas or central heating by using small electric heaters. Since these heaters are often relatively unsafe and are not handled properly, a number of housing developments regularly burn down due to short circuits or smoldering fires.

Outline of Economic Stabilization Program Presented

90EP0100A Warsaw GAZETA WYBORCZA in Polish
19 Oct 89 p 10

[On the recommendation of the Citizens Parliamentary Club, a task force of economists under the chairmanship of Janusz Beksia prepared an "Outline of the Stabilization and Systems-Changes Program." The authors of the text are: J. Beksia, T. Gruszecki, A. Jedraszczyk, and J. Winiecki. The following also participated on the task force as authors of partial reports and consultants: J. Dietl, J. Eysymontt, A. Kawalec, J. Kuron, D. Ledworowski, A. Leopold, D. Lipton, A. Paszynski, J. Sachs, J. Szomburg, A. Szpilewicz, and others. The report was prepared between 28 August and 28 September 1988 [as published].]

[Text] We believe that there is only one way, manifest in our country, by which systems changes can be made: A Western-type market economy should be established and developed in Poland.

Many obstacles stand in the way of this: The rampant inflation and large budget deficit, organizations and regulations which hamper entrepreneurship, and a sense of total inability. This last obstacle can be overcome if a program of radical changes in systems is implemented. But these changes cannot be made without a rapid, and even sudden, reduction in inflation, improvements in budget management, and an unblocking of market processes in Poland and in relations with foreign countries.

In this belief the task force proposes a set of measures which constitute two interdependent programs: A program to stabilize the economy and a program to make changes in systems. We believe they should be implemented immediately.

Stabilization Program

The goal of the program is to reverse the tendency of rapid growth in the budget deficit and the runaway inflation and to bring about internal and external balance as quickly as possible.

This is a particularly difficult task because of the Soviet-type system which we inherited: Wide redistribution of

the national income through the budget, greatly distorted price relationships, and the absence of many institutions necessary to a market economy.

The stabilization program consists first of measures which should bring about compulsory compliance: Reduction in budgetary expenditures, withdrawal of tax reliefs and subsidies, the withholding of credits for central investments, etc. These measures can produce only a short-term balancing result unless they are followed by basic compliance—automatic changes in the use of means of production and the labor force in a way that is effective and adapted to the conditions of the world market. Activation of these processes depends on effective implementation of compulsory compliance and on immediately beginning and quickly making the systems changes which will liberalize the economy and change its organizational and ownership structure.

Despite the difficulty and social hardship of this task, there is no alternative to this type of program, because the Polish economy cannot wait for the accomplishment of liberalization and privatization measures, which would precede the stabilization activities. The stabilization program must be implemented immediately in connection with the simultaneously begun program for making systems changes.

The stabilization program is made up of five sets of actions:

- Freeing of prices and wages. Removal of price and wage controls in the entire economy except for the temporary establishment of separate rules governing prices of fuels and energy and establishing prices of food.
- Balancing the state budget by ceasing to subsidize production enterprises and export, by making cuts in central investments, and by reducing charges attributed to the debt.
- Putting the tax system in order. Introducing a uniform and easy-to-collect income tax applicable to organizations and individuals.
- Making the interest rate realistic and making changes in the area of credit.
- Making the zloty convertible and reducing the foreign debt burden. If the debt burden is not reduced, making the zloty-exchange rate realistic will put a serious zlotys-load on the budget.

This set of endeavors, and especially the application of free prices, interest rates and wages, and a convertible currency, is a necessary condition for setting market compliance processes in motion, leading to an economy which is balanced and which participates in the international division of labor.

But these changes have their dangers and bad side effects.

If this program is implemented inconsistently or only partially, and is not supported by changes in systems here and abroad, instead of a stabilized economy we may face an even more violent movement in prices and a drop in the purchasing power of money, until the entire economic system falls into disorder.

But even a successful, comprehensively conducted stabilization operation, will most likely bring a number of hardships to those who participate in economic life: A drop in real income, loss of job and the need to be retrained and change place of residence, etc.

The costs of coming out of communism are lower than the costs of the 40-some years of its power, but unfortunately they are also high. But the program of passing to a desirable economic system differs from an ordinary reduction in demand, known under the term "price-income operation." The costs referred to here will not affect everyone equally. Their main effect will be on the less efficient enterprises. But all of this means that a simultaneously implemented program must be implemented which will protect people against the most onerous results of the changes being made. This report does not contain such a program. It should be prepared separately.

Systems-Changes Program

Moving to a market economy requires liberalization and demonopolization of the economy, restoration or creation of market-economy institutions, and privatization of most of the state sector.

Liberalization means a radical and most far-reaching reduction of state interference in the economy. In the first phase, a once-only liberalization and antimonopoly action must be conducted, which should unblock the market processes. This action should include:

- Review and revocation of regulations which hamper economic activity (e.g., sales and purchase of land and real estate).
- Acceptance of the principle that amounts subject to regulation (prices, wages, interest rates) be allowed to rise and fall freely.
- Fastest possible liquidation of organizations of a monopolistic nature (the central and local bureaucracy of the Agricultural Cooperatives Center, Spolek Consumer Cooperatives Center, PEK-POL, and others).

Institutions. Reference here is to the reconstruction of existing and the formation of new institutions mainly in relation to the money market (the status of the Polish National Bank as a central bank, commercial banks, exchanges), the labor market (labor intermediation, insurances, employer unions), and also to the creation of institutions of a temporary nature (e.g., the National Assets Fund).

Privatization. The task force decided that the main goal of privatization is to create conditions for the free flow of

capital while giving preference to private ownership and not institutional and collective owners.

The program envisages that all buildings and state enterprises which are subject to privatization will be treated separately (separate from the state treasury and municipal ownership). A Liquidation Agency (a nongovernmental organ) formed for this purpose would be a temporarily functioning agency conducting privatization. Of the many possible methods of proceeding, the task force prefers the conversion of state enterprises into joint stock companies, giving part of the stock (e.g., 20 percent) to employees and offering the remainder for purchase on the open market by domestic purchasers (particularly workers) and foreign purchasers. We believe it advisable to hasten this process with the help of loans to domestic buyers.

The process of privatization will unquestionably go on for a long time. In the first phase it is proposed that many small buildings (e.g., restaurants) and enterprises be sold as quickly as possible and that selective privatization be begun on particular large and medium state enterprises.

Sequence of Actions

The preparation period preceding the beginning of the implementation of the stabilization program should be as short as possible (weeks!). The use of strong incentives (declarations and actions), occurring in short time intervals, is essential. This should prepare and mentally mobilize the participants of economic life for the next phase of change.

Main actions during this period are: Declarations (about the program, the intent to privatize), preparations (executive programs, talks with foreign partners, etc.) and partial changes (e.g., cuts in budgetary expenditures).

The time of the beginning of the implementation of both programs, which should take place as soon as possible. On a specific date the implementation of the set of actions which will be a shock to the economy will be announced and begun: The economy is radically liberalized and is opened up to market processes (free prices and wages, convertibility of the zloty), a number of institution limitations and monopolies are removed, the majority of subsidies are eliminated, and changes in the tax and credit system are introduced.

This shock, after the first strong inflationary pulse, which will reveal in full the checked inflation (queues), will cause a drop in the growth rate of prices and will be a point of return to market balance. At the same time this is the beginning of the process of privatization and the formation of new economic institutions. It is expected that in a period of 2-3 months from the starting time, new institutions will be universally introduced and activated (this applies especially to the National Assets Fund and the tax and credit system).

The task force believes that, in total, about a 2-year period of action to stabilize the economy should be expected. However, the systems-changes program outlined in the report obviously goes beyond this time period.

BULGARIA

Ecological State of Black Sea Deplored

90EB0028A Sofia TRUD in Bulgarian 11 Sep 89 p 2

[Article by Zheko Stanev: "Facing an Ecological Catastrophe"]

[Text] Following our publication "Lethal Blossoming" (No 174, 1 September 1989) we go back to the major topic of the fate of our only sea. It cannot fail to concern us. Proof of the seriousness of this major problem is found also in the significant role which has been assigned to the Black Sea in the national program for the preservation and reproduction of the environment, which will be published for purposes of nationwide discussion in the immediate future.

The "Akademik" scientific research ship of the Bulgarian Academy of Sciences Institute of Oceanography returned at the beginning of April to Varna from its first expedition this year in the Black Sea. The head of the expedition, Senior Scientific Associate Candidate of Geographic Sciences Aleksandur Stoyanov said at that time, briefly, that "the samples indicate a rather high content of all biogenic elements and organic matter in the sea."

By the end of April, in the course of observations from a helicopter, conducted by the Regional Environmental Protection Inspectorate in Varna, dozens of dead dolphins thrown out by the sea along the coastal sandy area near Varna were detected. This phenomenon was qualified by specialists at the Institute for Fish Resources in Varna as unusual. The studies which were made led to the assumption that the reason for the death of these dolphins, which we know as sea pigs or azovka (the rarest and smallest species in the Black Sea) was the mass development of nematode parasites in the lungs of the animals.

Toward the end of June, from the 26th to the 29th, specialists from the Directorate for Maintaining the Purity of Sea Water in Varna, were able to successfully neutralize an oil spill in the Durankulak area, which was several kilometers long and between 50 and 100 meters wide. However the violator (probably a tanker which sailed across our northern shores) as it were remained unknown and unpunished.

Let us try to consider the facts we cited. On the surface it may appear that there is no logical connection between the first two—the increased content of biogenic elements and the death of the dolphins. Allow me, however, to quote Professor A. Yablokov, USSR Academy of Sciences corresponding member, who, in his article in PRAVDA (No 13, 13 January 1989) wrote the following: "There were several reports in the press on the death of tens of thousands of seals in the summer of 1988 in the North Sea. The immediate reason for this was the virus of the carnivore plague. However, something must have

triggered this virus which is common in mammal populations (actually, nematodes have always lived a parasitical life in dolphins—author). This sad event was preceded by an unparalleled explosion in the multiplication of the unicellular golden seaweed which absorbs the oxygen and which destroys all other marine life, such as mollusks, crabs, and fish. The reasons for this phenomenon, which is unusual for the North Sea (as well as the increased frequency of such poisonous "red" influxes in other places) is seen by many specialists as being related to the development of some kind of mutation under the influence of toxic chemical substances discarded in the ocean. Another possible reason is the influence of substances washed away from the soil, which find their way to the sea."

The reason I quoted at length from this noted Soviet scientist was not in order to present my own hypothesis of the death of the dolphins or the fact that a number of fish species have disappeared (mackerel, turbot, bluefish), but because it contains truths which apply to the Black Sea as well: its pollution with products resulting from human industrial activities as well as effluent waters.

In support of my claim, let me refer once again to Aleksandur Stoyanov with whom I had a second conversation after processing most of the samples collected during the expedition. "I can now definitely say," he said, "that compared with the same period in 1987, when we studied on board the 'Akademik' that same part of the Black Sea, the number of biogenic elements in the continental shelf zone (from 10 to 20 miles offshore) has increased by an average of 10-15 percent." This trend is particularly clear in the northwestern part of the Black Sea, where a significant river outflow from the Danube takes place. And since the sea currents follow the shape of our coast, most of the pollutants which develop outside of our territorial waters come to us. However, nor should we underestimate the consumer effluent which forms on our own shore and which flows unobstructed into the sea. There are two main sources for it: With the exception of Varna and, to a certain extent, Burgas, no other settlement along the Black Sea has any treatment stations, i.e., the sea has been assigned the role of a septic tank. Secondly, we have the tourist boom along the coast, which led to drastic violations of the recreation situation. In addition to the hotels in the major tourist complexes, as many or perhaps more rest stations, department microcomplexes, bungalows, and camping sites were built, regardless of any sensible possibility for the self-cleaning of the sea. Adding to this the huge chemical works in Burgas and Devnya, we see the appearance of a real ecological catastrophe for the sea (I am not afraid to use this strong word) unless we take decisive measures as of now.

The Black Sea is dying. We must, once and for all, face the truth. It is dying although we have basic regulations on the preservation, restoration, and improvement of the environment in the Black Sea-Bulgarian coast territorial complex, drafted by the Bulgarian State Council,

and despite the fact that no less than 17 departments, agencies, organizations, institutes, inspectorates, directorates, and laboratories (or perhaps even more) have something to do with the sea and also despite the fact that every year at representative scientific fora the ecological problems of the Black Sea are discussed, analyzed, and commented upon and the conclusion is reached that its flora and fauna are being irretrievably destroyed. We have only been taking (at least so far) from the sea without considering that its resources and recovery forces are not limitless and inexhaustible.

On the surface it may appear that attention is being paid (I mentioned the large number of agencies "concerned" about the sea...). However, as the familiar saying goes, "too many cooks spoil the broth," in this case as well they act, make observations, engage in scientific studies, and issue conclusions without coordinating them among each other. The programs which are being drafted for solving the problems of the Black Sea do not have a single objective. They usually fail less because of the lack of funds than the fact that the money is dispersed among many entities, each one of which undertakes "to rediscover America."

In short, the sea does not have a truly concerned manager who will not only manage and support it with material facilities, but will be truly responsible, with all stemming consequences and will have the right to prosecute (including criminally!) anyone who violates, by whatever means, its ecological balance. You may ask, what about the Committee for the Protection of the Environment, with its own subdivisions; what about the Directorate on Maintaining the Purity of Sea Water? What are they doing? They are doing their job but to the extent of their prerogatives. And what could they do if every year a number of enterprises plan as part of their costs the fines which they will be paying for polluting the sea water. Is planning pollution legitimate!? Is it astounding, in that case, that a natural phenomenon, such as Lake Vaya has become a septic tank for the Petrochemical Combine in Burgas, that large quantities of refuse products in the Devnya chemical industry flow from the "sea-lake" directly into the Black Sea? Or else, God forbid, what if an oil spill would occur when the waves are higher than three points.... Well, what of it,

you may say. Let me quote Captain Zhivko Magdichev, head of the Directorate for Maintaining the Purity of Sea Water: "The oil collectors at our disposal, with the exception of Rusalka, in the Burgas branch of the directorate, are used for work only in protected territories. Rusalka itself, in a situation in excess of three points, becomes ineffective and so are the booms with which we struggle. Nor do we have any contemporary equipment for detecting oil spots. Helicopters are not always reliable in their detection. We also lack something else, which is also very important: a method to determine the damages, depending on the amount of oil which was spilled, for presently the maximal fine is \$100,000 and that does not reflect the real damage."

Let me add that a few lawyers have become well specialized (naturally, for the proper fee) in the legal defense of violator ships, the fact that the fines which are levied are simply symbolic, compared to the damage. That is why we must ensure the adequate legal protection of the Bulgarian part of the Black Sea, particularly following the adoption of the statute of the 200-mile economic zone. This is a defense instituted by countries such as the United States, Great Britain, France, Canada, and the USSR.

Finally, is it not strange that during the traditional week of the sea which, for many years has been celebrated along our Black Sea, and which includes all sorts of celebrations and measures, not a single word was said about protecting the sea from pollution?...

It may appear that I have been mentioning only the bitter aspects of the matter and someone may object that I do not see the positive side. However, since it is a question of preserving the Black Sea clean for the generations which will follow us, I would suggest the following to the Commission for the Protection and Reproduction of the Natural Environment of the National Assembly:

- Let us solve the question of who is the real manager of the Black Sea with all the rights, obligations, and responsibilities stemming from this fact.
- The Bulgarian Law of the Sea Association should review the legal statute on the protection of our part of the Black Sea in accordance with the convention on the 200-mile economic zone.

END OF

FICHE

DATE FILMED

2 January 1990